

Howard County, Maryland
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2010



Howard County, Maryland

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Certain Appointed Officials

Lonnie Robbins

Chief Administrative Officer

Sharon F. Greisz

Director of Finance

James M. Irvin

Director of Public Works

Margaret A. Nolan

County Solicitor

Marsha S. McLaughlin

Director of Planning and Zoning

Raymond S. Wacks

Budget Administrator

Haskell N. Arnold

County Auditor

Financial Advisor

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County Executive

Ken Ulman



County Council

Calvin Ball

Chairperson



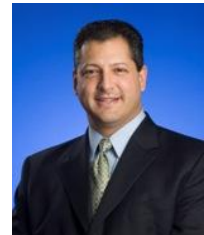
Jennifer Terrasa

Vice Chairperson



Greg Fox

Council Member



Mary Kay Sigaty

Council Member



Courtney Watson

Council Member



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010



Prepared by the Department of Finance

Howard County, Maryland



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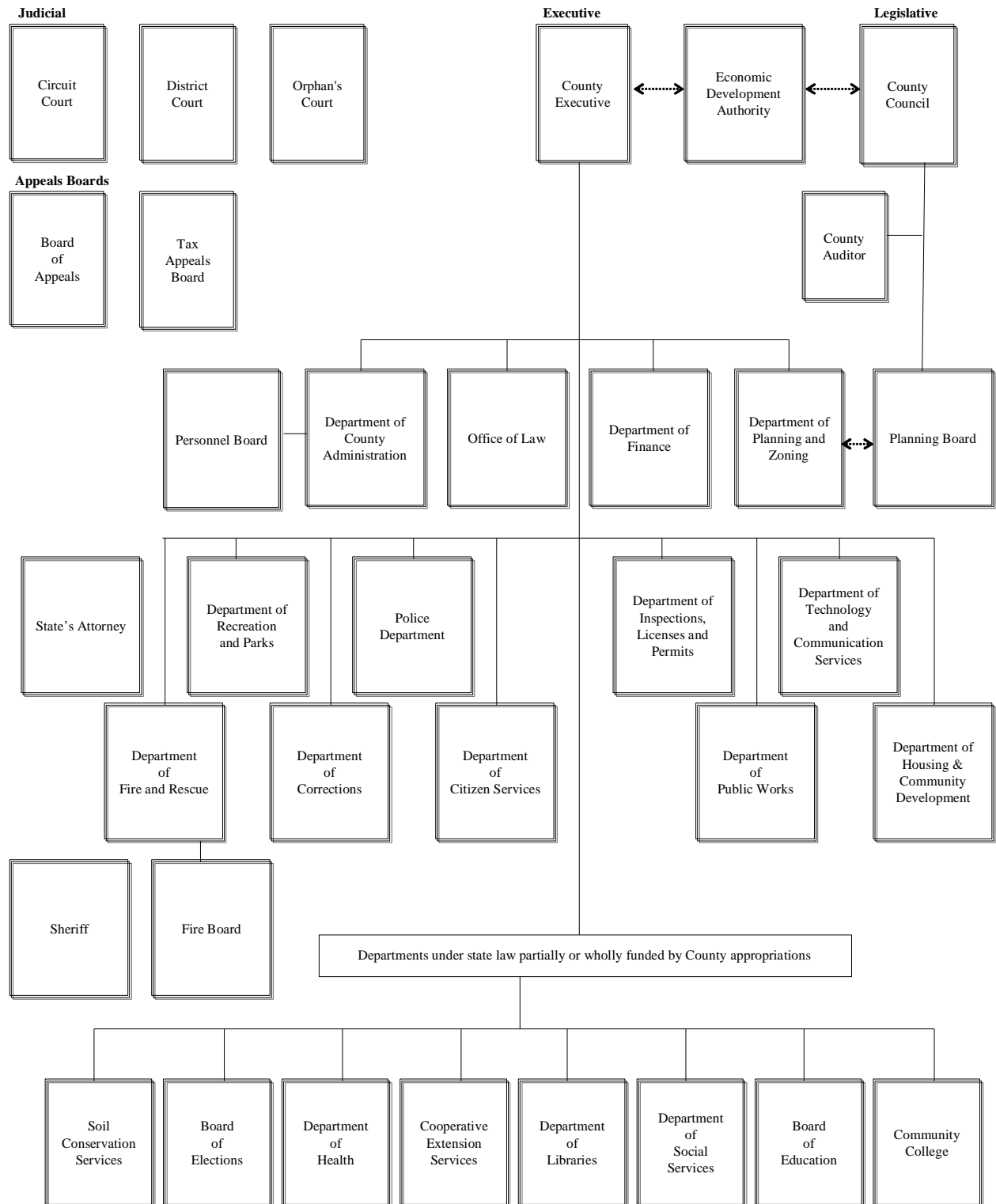
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HOWARD COUNTY GOVERNMENT

ORGANIZATIONAL CHART





HOWARD COUNTY DEPARTMENT OF FINANCE

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FAX 410-313-4433
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January 27, 2011

Honorable County Executive,
Honorable Members of the County Council and
Citizens of Howard County

Ladies and Gentlemen:

FORMAL TRANSMITTAL OF THE CAFR

The audited Comprehensive Annual Financial Report (CAFR) of Howard County, Maryland (the County) prepared by the Department of Finance for the fiscal year ended June 30, 2010, is hereby submitted in compliance with Howard County Charter, Section 212 and includes the independent auditors' opinion issued by the independent public accounting firm hired by the County Council. The annual report was prepared by the Howard County Department of Finance in cooperation with the finance departments of the County's component units.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Reznick Group, P.C. licensed certified public accountants performed an independent audit and issued an unqualified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2010. The Independent Auditors' Report is presented as the first element of the financial section of this report.

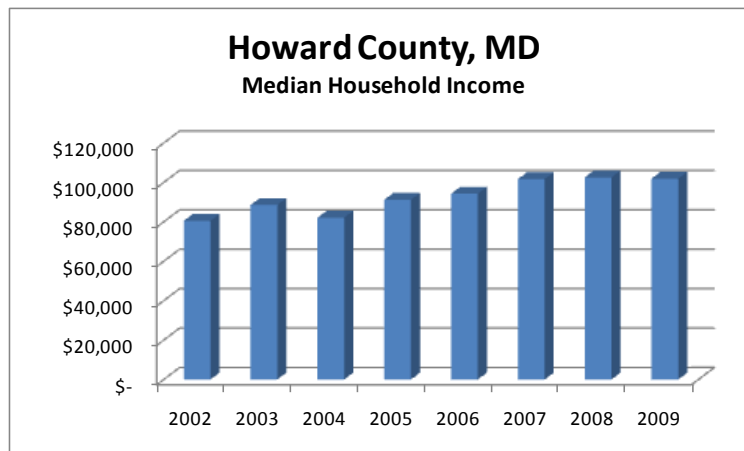
Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Howard County, Maryland was formed in 1851 and was named for the fifth Governor of Maryland, Colonel John Eager Howard. Under a home rule charter adopted in 1968, the County's executive functions are vested in the elected County Executive. The County Council consists of five members elected by district.

Located directly between Baltimore, Maryland and Washington, D.C. and at its closest point is less than four miles from the former and 13 miles from the latter, the County is 251 square miles in area. The County was predominantly agricultural in character until 1966, when construction began on the planned community of Columbia. Columbia is unique for its purposeful goal to be an integrated community at a time before the Fair Housing Act of 1968 made it illegal to discriminate in housing based on race, color, national origin or religion. Howard County is home to approximately 287,907 residents based on estimates by the Department of Planning and Zoning. According to the U.S. Census Bureau, American Community Survey, 2009, Howard County again had the third highest median income in the nation. Ellicott City in Howard County ranked 17th in *Newsmax*

Magazine's 2009 annual list of "Top 25 Cities with the Best American Values". Howard County was ranked the healthiest Maryland county in 2010 by the Robert Wood Johnson Foundation and the University of Wisconsin Population Health Institute. The Ellicott City/Columbia area ranked 2nd on the 2010 "Best Places to Live in America" list by *Money* Magazine.



Source: United States Department of Commerce, Bureau of the Census, American Community Survey

COMPONENT UNITS

The County government provides all the local government services as there are no incorporated cities or towns in Howard County. Services provided by the County include police, fire and rescue, sheriff, corrections, public works, planning and zoning, landfill, water and sewer, public housing, and recreation and parks. In addition to general government activities, the governing body has financial accountability for the Howard County Public School System, the Howard Community College, the Howard County Public Library, and the Howard County Housing Commission. Therefore, the activities of these entities are included in this annual report. Additional information on all four of these legally separate entities can be found in Note 1A in the Notes to the Financial Statements. The financial activities of the Howard County Economic Development Authority, which is also a component unit of the County, are excluded due to immateriality. The Volunteer Fire Districts do not meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

BUDGET

The Howard County budget is a comprehensive plan of all funds spent by County departments and agencies. As required by county law, the budget consists of the current operating expense and revenue budget (with five years spending projections), the capital budget and capital program, and the budget message. The annual budget includes all revenues, all expenditures and the projected surplus or deficit in the general fund and all other funds. Funds in the operating budget include appropriations for the following functional areas: education, public safety, public works, community services, general government, legislative and judicial, and capital, debt and reserves. The capital budget includes funds to construct major government facilities such as roads, bridges, schools, libraries, water and sewer infrastructure and fire stations. Capital projects usually take more than a year to complete, unlike the operating budget which covers only one year.

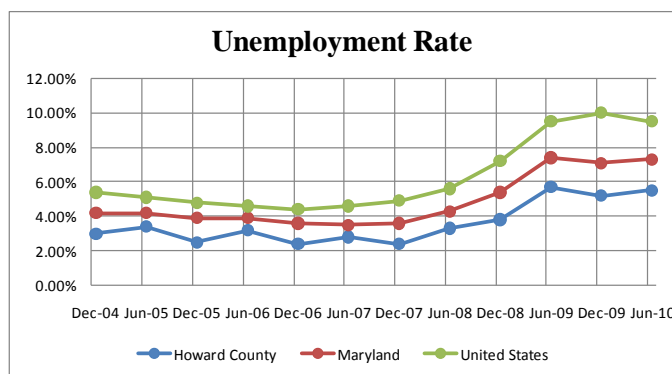
The budget process begins each fall when the County Executive appoints a Spending Affordability Advisory Committee. The committee advises the Executive and provides guidelines for setting debt affordability levels for the upcoming year. County departments and agencies submit budget requests to the Executive in late January or early February. After a public process that involves two public hearings, and a thorough review of departmental requests, the County Executive submits a proposed capital budget not later than ninety days prior to the end of the fiscal year. The Executive must submit a proposed operating budget to the County Council not later than seventy days prior to the end of the fiscal year. The County Council then conducts a series of public hearings and work sessions in April and May to review the Executive's proposed budget. The County Council cannot change the form of the budget as submitted by the Executive to alter the revenue estimates or to increase any expenditure

recommended by the Executive for current or capital purposes, unless expressly provided in state law or to correct mathematical errors. The County Council can reduce the Executive's budget, but not increase it, except in the case of the Department of Education's budget. The County Council may restore funds back to the level requested by the school board. After its review, the County Council finalizes the entire budget and sets tax rates, fees and charges needed to generate enough revenue to balance the budget. The Annual Budget must be adopted by the County Council by the first day of the last month of the fiscal year currently ending. Expenditure authority for the operating budget is at the fund and department level in major categories including personnel costs, various operating expenses, and capital costs. Appropriations in the capital budget are at the project level on an annual basis.

Once the budget is approved, the County Council can only amend it at the request of the County Executive. The operating budget is amended during the year through the use of supplemental budget appropriation ordinances (SAOs). The County Executive may request at any time during the fiscal year the approval of an SAO by transferring funds from the County's budgeted contingency reserves. The capital budget may be amended through the use of Transfer Appropriation Ordinances (TAOs). The County Executive may request, at any time during the fiscal year that a TAO be approved by transferring funds from one capital project to another. At no time may the bottom line of the capital budget be increased. The County maintains an encumbrance system for budgetary control. All unencumbered appropriations of the operating budget lapse at year-end. Capital unencumbered appropriations continue until the specific capital project is closed.

ECONOMIC CONDITION AND OUTLOOK

Howard County continues to have a diverse economic base, taking advantage of a friendly business climate, a highly educated workforce and superb quality of life. It is located in the heart of the corridor between Washington, D.C. and Baltimore, which combined comprise the fourth largest market in the United States. Employment is expected to remain stable and the unemployment rate should continue to remain below the State (7.3) and National (9.5) levels as evidenced by the June 2010 rate of 5.5%.



Source: United States Department of Labor, Bureau of Labor Statistics.

LOCAL ECONOMY

Because of Howard County's ideal geographic location, substantial growth in a wide variety of industries has resulted. Howard County's over 8,800 businesses employ 143,580 workers in industries ranging from technology, telecommunications and biotechnology companies to multinational corporations, research and development firms, wholesale distributors and manufacturers. The service sector is the largest industry in the County, employing two-thirds of the workforce. In the service industry, government contracts are providing new business opportunities for startups providing technical labor through the much anticipated Base Realignment & Closure (BRAC). Fort George Meade is less than two miles outside the County border and 5,800 highly skilled positions are being transferred there directly under BRAC. In addition, it is estimated that through 2015 another 21,000 new jobs will be created due to expansion at Fort Meade including activation of the new United States Cyber Command on May 21, 2010.

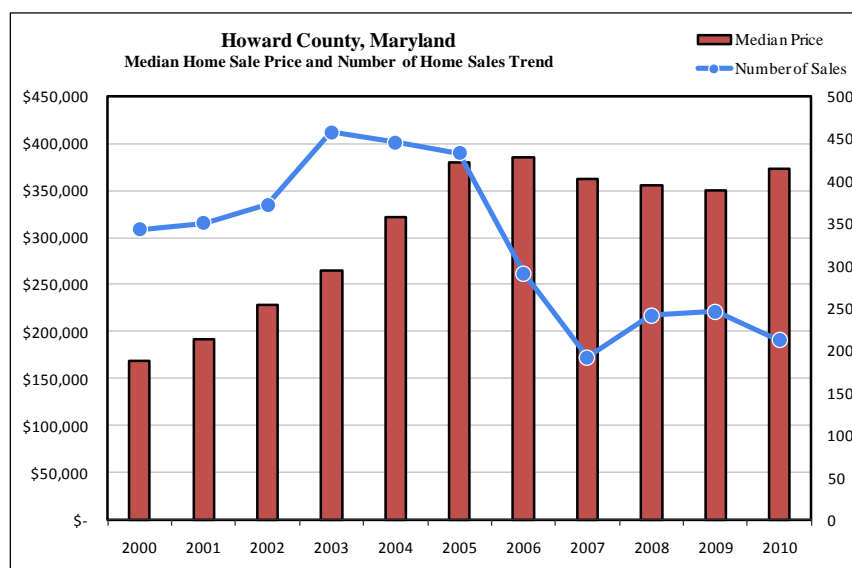
Commercial real estate vacancy rates are beginning to decline despite notable increases in inventory in anticipation of BRAC related growth. The rental market is a little soft, but the industry is not concerned as the market overall is steady. The September office vacancy rate is 12.7% which is significantly lower than the 20% range reached during the early 1990's.

Fiscal Year 2010 property taxes increased 5.7% above the previous fiscal year. In its FY 2011 budget Howard County projected a 2.9% increase in property tax. One third of property is assessed each year. Increases in assessed values are then phased in over 3 years. This triennial assessment of property and the phasing in of assessment increases helps to stabilize the tax base and tax revenues. Local income tax is the County's other main revenue source. Income tax decreased by 1.7% when compared to the actual for Fiscal Year 2009. Due to a slight improvement in the unemployment rate, the FY 2011 projection for income tax represents a 1.7% increase from FY 2010 actual collections.

County revenues related to housing activity began to improve in FY 2010. The bursting of the real estate bubble that began in FY 2006 continued to have an effect in FY 2010. Recordation tax, a leading indicator of the health of the local real estate market, increased 17.5% from the previous year but was still 15.2% below the FY 2008 level. The FY 2011 budget projected a slight improvement in recordation tax collections compared to FY 2010. Another indicator of the continued sluggish economy is investment income. Revenue from this source declined an additional 86% in FY 2010. The FY 2011 budget anticipates a slight increase in interest rates resulting in increased investment income earnings.

Looking forward, overall economic performance is not expected to improve significantly in FY 2011. In the face of declining revenues, Howard County developed a FY 2011 budget that allows it to absorb the anticipated reduction in revenues. The County took the necessary steps to deal with the situation without using its Rainy Day Fund, by focusing on opportunities to reduce spending and increase efficiencies.

It is anticipated that the FY 2011 gross assessable base of Howard County will decrease by 4.6%, to the FY 2009 level. However, the taxable assessments will continue to grow at close to 5% a year. This is because the homestead tax credit limits taxable increases on homeowner occupied properties to 5% per year, and despite the decrease in home values most residential properties are still phasing in a 5% annual increase. About 80% of homeowner occupied properties in Howard County receive this credit. The demand for real estate is up somewhat in Howard County, especially in the residential resale market, where the average time that homes are on the market declined from 90 to 73 days between September 30, 2009 and 2010.



Source: Metropolitan Regional Information Systems Inc. and Coastal Association of REALTORS

MAJOR INITIATIVES

The County funded twelve firefighter positions through a SAFER grant. Funding to add new positions to accommodate enrollment growth was included for the Howard County Public School System. The County also funded new positions to open the Robinson Nature Center and North Laurel Park Community Center.

LONG TERM FINANCIAL PLANNING

Rainy Day Fund County voters approved an amendment to the County Charter to establish a budget stabilization account, also known as a rainy day fund, to provide a financial safety net for the County effective December 3, 1992. The amendment required all surplus funds in the County be placed in that fund until it reached 7% of the prior year's audited expenditures. The funds may be used if an emergency exists pursuant to the County Charter or if the County Executive determines that actual revenues will be substantially below the revenues budgeted and reasonable expenditure reduction will not offset the anticipated loss. See Note 1M in the Notes to the Financial Statements for a discussion of the status of the rainy day fund. The fund balance is currently at the target level.

Capital projects and debt administration The County funds its capital program based on the requirements of the General Plan and supporting master plans for schools, recreation and parks, human services, water and sewer, solid waste, libraries, fire stations and public facilities.

The County plans long and short-term debt issuance to finance its capital budget based on cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The County finances its capital needs on a regular basis dictated by its capital spending pattern. External financial specialists assist the County in developing a bond issuance strategy, preparing bond documents and marketing bonds to investors. Bonds issued to the County mature over a term that does not exceed the economic life of the improvements that they finance.

The County consolidates general County improvements into Consolidated Public Improvement bonds with a term of up to 20 years and water and sewer improvements into Metropolitan District Bonds with a term of up to 30 years. Debt obligations are generally issued through a competitive sale. However, the County may use a negotiated sale process when it will provide significant savings and/or if the terms of the offering are sufficiently complex that the bond issue might be compromised in a competitive sale.

Spending affordability advisory committee The Spending Affordability Advisory Committee was established by Executive Order in 1987 to provide recommendations and projections for the upcoming budget year. Specifically, the Committee is charged to review in detail the status and projections of revenues and expenditures for the County for the next budget year and subsequent five years; to evaluate future County revenue levels and consider the impact of economic indicators such as changes in personal income, assessable base growth; and to evaluate expenditure levels with consideration of the long-term obligations facing the County and the best way to pay for them.

The Committee recommends revenue projections and the amount of new County debt authorization for the upcoming fiscal year. The Committee report includes the effect its recommendations will have on future budgets. It is also the task of this Committee to assess the County's ability to repay bond debt and the Committee issues an annual report defining debt capacity of the County.

FINANCIAL POLICIES

The financial policies and management practices of Howard County were recognized by all three major rating agencies with a continued Triple A credit rating, the highest possible rating.

Debt management policy The County adopted an updated debt management policy on October 7, 2009 that establishes the processes employed to manage its debt. The policy sets the parameters for issuing debt and managing outstanding debt. It provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated. By establishing a debt policy, the County has recognized the binding commitment to full and timely repayment of all debt. The policy ensures that the County maintains a sound debt position and that credit quality is protected.

Investment policy The County's investment policy provides for the safety and liquidity of public funds by minimizing credit and market risk while maintaining a competitive yield on the investment portfolio. All deposits at June 30, 2010 were either insured by federal depository insurance or collateralized with the collateral held by an independent third party in the County's name. Investment activities are governed by State laws and, accordingly, the County invests in certificates of deposit (state banks only), repurchase agreements, bankers acceptances, U.S. government and federal agency obligations, treasury and government mutual funds and the State investment pool. Repurchase agreements and certificates of deposit are subject to the County's collateralization policy.

The investment policy for the two Howard County retirement plans establishes asset allocation targets, investment manager selection and investment performance guidelines.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Howard County, Maryland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This was the thirty-fourth consecutive year that the County received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2009. This was the fifteenth consecutive year the County has received this award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged as proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

A very special thank you to Michelle Harrod, Sean Hollywood, Rafiu Ighile, Shauna Lu, Stanley Milesky, Angela Price, Sarah Seidl, Ali Shirazie, Jennifer Skiratko, and Sima Taghavi for their efforts in preparing and publishing this document. Credit also must be given to the County Executive and the County Council for their unwavering support for maintaining the highest standards of professionalism in the management of Howard County's finances.

Respectfully submitted,



Sharon F. Greisz
Director of Finance



OFFICE OF THE COUNTY AUDITOR

Haskell N. Arnold, CPA
County Auditor

January 27, 2011

CERTIFICATE OF THE COUNTY AUDITOR

The Honorable Ken Ulman
County Executive

Honorable Members of the County Council

Calvin Ball, Chairperson
Jennifer Terrasa, Vice Chairperson
Greg Fox
Mary Kay Sigaty
Courtney Watson

Article II, Section 212 of the Howard County Charter, requires that a complete audit of all offices, departments, institutions, boards, commissions, corporations, courts, and other agencies of the County Government be prepared for the preceding fiscal year, and submitted to the County Council and to the County Executive, no later than November 30th of each year.

The independent certified public accounting firm of Reznick Group has been retained by the County Council to assist the County Auditor in the discharge of this responsibility. I hereby certify that the auditing requirements of Article II, Section 212 of the Howard County Charter have been satisfied for the fiscal year ended June 30, 2010. Also, in accordance with the Charter Amendment approved by the voters of Howard County, I will make copies of this report available to the public at the County Auditor's Office and at the Howard County public libraries.

Respectfully submitted,

A handwritten signature in black ink that reads "Haskell N. Arnold". The signature is written in a cursive style with a large, stylized 'H' and 'A'.

Haskell N. Arnold
County Auditor



On the cover: The George Howard Building was reopened after extensive renovations in 2010. The building is LEED Certified for its environmental sustainability.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Howard County
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Financial Section

- Basic Financial Statements
- Notes to Financial Statements
- Combining and Individual Fund Statements and Schedules



INDEPENDENT AUDITORS' REPORT

County Council
Howard County, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Howard County Public School System, Howard County Community College or the Howard County Housing Commission, which represent 38 percent, 55 percent, and 47 percent, respectively, of the assets, net assets, and revenues of the total governmental activities, the business-type activities and the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the agricultural land preservation fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 26, 2011, on our consideration of Howard County, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 65 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Howard County, Maryland's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Reznick Group, P.C.

Baltimore, Maryland
January 26, 2011

Management's Discussion and Analysis

As management of Howard County, Maryland (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal (found on pages iii to viii of this report.) The discussion focuses on the County's primary government and, unless otherwise noted, does not include component units reported separately from the primary government.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$891.7 million. That amount is net of a \$530.0 million unrestricted deficit. The unrestricted deficit occurs because the County issues debt to fund construction costs for the Public School System and the Community College, two of its component units, but does not own the corresponding assets. Debt outstanding for education projects is \$418.1 million and for college projects is \$63.1 million. Ownership of the buildings owned by the Public School System transfers to the County if the assets are no longer needed for educational purposes. The current net value of the Public School System's buildings and improvements and construction in progress is \$868.9 million.
- The \$7.0 million increase in the government's total net assets is primarily due to the receipt of \$9.7 million in contributed capital and to the accumulation of ad valorem revenue that is budgeted to fund future water/sewer capital expenses.
- The County's local income tax revenues decreased by \$4.6 million or 1.7 percent this year due to lower taxable income. State shared revenues decreased by \$13.8 million.
- At the end of the current fiscal year, the County's Governmental Funds reported combined ending fund balances of \$214.4 million, an increase of about \$18.3 million in comparison with the prior year. Specifically, the fund balance of the General Capital Projects Fund increased by \$12.5 million due to the receipt of a bond premium of \$17 million. Also, there was a restatement of beginning fund balance of the nonmajor governmental funds totaling \$3,547,737 due to changes in prior years' deferred revenue.
- At the end of the current fiscal year, unreserved fund balance for the general fund of \$10.3 million or 1.3 percent of total general fund expenditures (includes fundings to component units) is available for spending at the government's discretion.
- The reserve for the budget stabilization account balance is \$54.7 million, an increase of \$6 million or 6.8 percent of fiscal year 2010 general fund expenditures. That balance meets the target set by the County Charter (7 percent of fiscal year 2008 expenditures). We have reached that target and have designated \$1.6 million for subsequent years' budget stabilization. The County is committed to meeting this mandated target in future years.
- The County's total long-term debt increased by \$49.5 million (5.3 percent) during the current fiscal year. The major factors in this increase was the issuance of \$85.9 million in Consolidated Public Improvement (CPI) Project Refunding Bonds and \$7.3 million in Metropolitan (Metro) District Project Refunding Bonds; the issuance of \$101 million Consolidated Public Improvement Project Bonds, \$5.5 million of Metropolitan District Project Bonds, and a \$402,867 draw on the State Water Quality Revolving Loan Fund. The County refunded \$88 million CPI and \$6.8 million Metro and retired \$49.6, \$6.1, and \$3.8 million of Consolidated Public Improvement, Metropolitan District, and Water Quality Bonds, respectively. The County also retired \$525,000 of Special Facility Revenue Bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Howard County, Maryland's basic financial statements that include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The two government-wide statements are on a full accrual accounting basis, including the elimination and/or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Assets*. This is the Countywide position presenting information that includes all County assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Evaluations of the overall health of the County would extend to other non-financial factors such as diversification of the taxpayer base or the condition of County infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which presents information showing how the government's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or disbursed. An important purpose of the Statement of Activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, public works (roads, trash collection and disposal, planning and zoning, inspections, and permits), legislative and judicial, education, community services (health, housing, aging, library, and consumer protection), recreation and parks, and state highways. The business-type activities of the County include the operations of water and sewer services and a public golf course. Fiduciary activities, such as employee pension plans, are not included in the government-wide statements since these assets are not available to fund County programs.

The government-wide financial statements include not only the County, the *primary government*, but also a legally separate school system, community college, library system, and housing commission for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15-16 of this report.

Fund financial statements. A *fund* is an accountability unit used to maintain control over resources that have been segregated for specific activities or objectives. State and local governments use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, the focus is very different with fund statements focusing on *near-term inflows and outflows of spendable resources*, as well as on *balances of*

spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the government-wide focus includes the long-term view and the fund focus includes the short-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *government-wide activities*.

The County maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general, agricultural land preservation, highway capital projects and general capital projects funds, all of which are major funds. Data from the other eleven non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its non-capital governmental funds. Budgetary comparison statements are provided for the general and agricultural land preservation funds to demonstrate compliance with this budget. Budgetary statements for non-major special revenue funds are provided in the combining section of this report.

The basic governmental fund financial statements can be found on pages 17-22 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer infrastructure and operations and for the operations of its public golf course. Internal service funds are an accounting structure used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles, information technology systems, risk management self-insurance program, employee benefits self-insurance program, and central communications system. Because the internal service funds' services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations and for the public golf course, both of which are major funds of the County. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary funds financial statements can be found on pages 23-25 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found on pages 26-27 of this report.

The Component Unit financial statements can be found on pages 28-29 of this report.

Notes to the financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found immediately after the Basic Financial Statements on pages 31- 62.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning management's discussion and analysis and the County's progress in funding its obligation to provide pension and other post employment benefits to its employees. Required supplementary information can be found on page 63-64 of this report.

The combining statements referred to earlier in connection with the general fund, non-major governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions and is considered to be supplementary information. Combining and individual fund statements and schedules start on page 65 of this report.

Detailed capital asset schedules for governmental and proprietary funds appear on pages 95-97. Schedules providing additional long-term debt detail start on page 99. The Statistical Section begins on page 109.

Government-Wide Financial Analysis

Over time, changes in net assets serve as a useful indicator of a government's financial position. Howard County's assets exceeded liabilities by \$891.7 million at the close of the most recent fiscal year.

The largest portion of the County's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire or construct those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. It is important to note that although counties in the State of Maryland issue debt for the construction of schools, school buildings are owned by each county's Public School System. Ownership reverts to the County if the local board determines a building is no longer needed. The County also funds projects for the Howard Community College and for intersection improvements to State owned roads. As of June 30, 2010, debt outstanding for education projects is \$418.1 million and for college projects is \$63.1 million. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The negative unrestricted governmental activities net assets of \$530.0 million reflects the imbalance of liabilities without corresponding assets as well as the County's Net OPEB Obligation of \$70.8 million.

An additional portion of the County's net assets (\$283.7 million or 31 percent) represents resources subject to external restrictions on their usage.

Summary of Net Assets

	Governmental activities		Business-type activities		Total	
	2010	2009 *	2010	2009	2010	2009 *
Current and other assets	\$ 330,901,720	339,630,328	168,989,462	196,741,561	499,891,182	536,371,889
Capital assets	1,077,979,583	1,007,601,472	557,626,325	507,307,071	1,635,605,908	1,514,908,543
Total assets	1,408,881,303	1,347,231,800	726,615,787	704,048,632	2,135,497,090	2,051,280,432
Long-term liabilities outstanding	964,141,605	881,116,934	193,234,061	200,178,556	1,157,375,666	1,081,295,490
Other liabilities	67,390,426	72,901,234	19,034,029	12,435,914	86,424,455	85,337,148
Total liabilities	1,031,532,031	954,018,168	212,268,090	212,614,470	1,243,800,121	1,166,632,638
Net assets:						
Invested in capital assets net of related debt	745,888,922	669,410,210	392,097,776	338,277,158	1,137,986,698	1,007,687,368
Restricted	163,458,570	162,601,148	120,266,910	151,228,040	283,725,480	313,829,188
Unrestricted	(531,998,220)	(438,797,726)	1,983,011	1,928,964	(530,015,209)	(436,868,762)
Total net assets	\$ 377,349,272	393,213,632	514,347,697	491,434,162	891,696,969	884,647,794

* Restated by \$3,547,737 in the governmental funds to correct prior years' deferred revenue plus \$1,229,893 in the internal service funds due to a change in the accounting for inventory, for a total of \$4,777,630.

At the end of the current fiscal year, the County is able to report positive balances in two of the three categories of net assets for the government as a whole, as well as for its separate governmental activities. Business-type activities show positive balances in all three categories.

The County's net assets increased by \$7.0 million during the current fiscal year as the result of a \$22.9 million increase business-type activities offset by a \$15.9 million decrease in governmental activities. The business-type activities increase is due to \$9.7 million in contributed capital and the accumulation of ad valorem revenues to fund future capital projects. The governmental activities decrease is primarily due to recognition of the \$20.2 million net OPEB obligation.

The deficit in unrestricted net assets for governmental activities increased by \$93.2 million this year because of the following factors:

- The outstanding debt for School and Community College capital projects (see discussion above) increased by \$39.0 and \$9.9 million respectively.
- The County's net OPEB obligation increased by \$20.2 million.
- The State reduced the County's share of its Highway User Tax (levied on gasoline purchases) by \$12.6 million and State Aid for Police by \$1.2 million.
- The County's local income tax decreased by \$4.6 million due to an increase in the unemployment rate and lower wages.
- Investment earnings decreased by \$4.8 million due to a decrease in interest rates during the year.

Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2010	2009 *	2010	2009	2010	2009 *
REVENUES						
Program revenues						
Charges for services	\$ 91,836,614	\$ 83,405,073	46,504,589	45,287,896	138,341,203	128,692,969
Operating grants and contributions	26,732,848	39,107,366	32,395,714	30,981,090	59,128,562	70,088,456
Capital grants and contributions	22,998,508	27,160,200	9,666,912	6,959,259	32,665,420	34,119,459
General revenues						
Property taxes	494,218,364	467,389,345	-	-	494,218,364	467,389,345
Local Income taxes	266,953,624	271,595,421	-	-	266,953,624	271,595,421
Other taxes	48,701,823	54,298,728	-	-	48,701,823	54,298,728
Other	7,342,986	11,137,332	395,605	1,174,356	7,738,591	12,311,688
Total revenues	958,784,767	954,093,465	88,962,820	84,402,601	1,047,747,587	1,038,496,066
EXPENSES						
General government	40,551,179	47,785,664	-	-	40,551,179	47,785,664
Public safety	154,381,502	152,639,155	-	-	154,381,502	152,639,155
Public works	101,682,165	115,081,550	-	-	101,682,165	115,081,550
Recreation and parks	26,909,791	28,490,509	-	-	26,909,791	28,490,509
Legislative and judicial	19,917,865	21,414,495	-	-	19,917,865	21,414,495
Community services	38,203,641	42,552,461	-	-	38,203,641	42,552,461
State highways	2,450,937	646,354	-	-	2,450,937	646,354
Education	557,205,570	560,909,969	-	-	557,205,570	560,909,969
Interest on long term debt	32,759,477	33,065,408	-	-	32,759,477	33,065,408
Water & Sewer	-	-	64,845,285	59,226,089	64,845,285	59,226,089
Golf course	-	-	1,791,000	1,734,769	1,791,000	1,734,769
Total expenses	974,062,127	1,002,585,565	66,636,285	60,960,858	1,040,698,412	1,063,546,423
Increase (decrease) in net assets	(15,277,360)	(48,492,100)	22,326,535	23,441,743	7,049,175	(25,050,357)
Transfers	(587,000)	1,695,504	587,000	(1,695,504)	-	-
Increase (decrease) in net assets	(15,864,360)	(46,796,596)	22,913,535	21,746,239	7,049,175	(25,050,357)
Net assets beginning	393,213,632	440,010,228	491,434,162	469,687,923	884,647,794	909,698,151
Net assets ending	\$ 377,349,272	393,213,632	514,347,697	491,434,162	891,696,969	884,647,794

* Restated by \$3,547,737 in the governmental funds to correct prior years' deferred revenue plus \$1,229,893 in the internal service funds due to a change in the accounting for inventory, for a total of \$4,777,630.

Governmental activities. Governmental activities decreased the County's net assets by \$15.9 million. Key elements of this decrease are as follows:

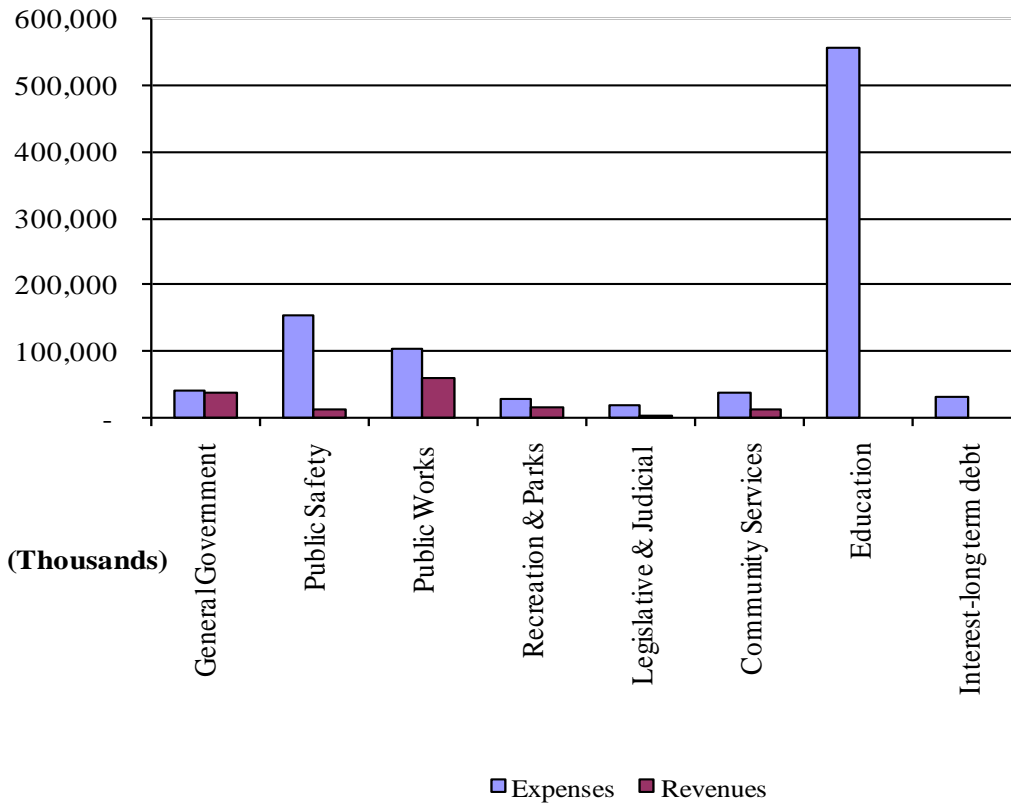
- Program Revenues decreased overall by \$8.1 million (5.4%). In FY 2009 a one-time return of \$5.8 million surplus fund balance from Internal Service funds was recognized.

General Revenues

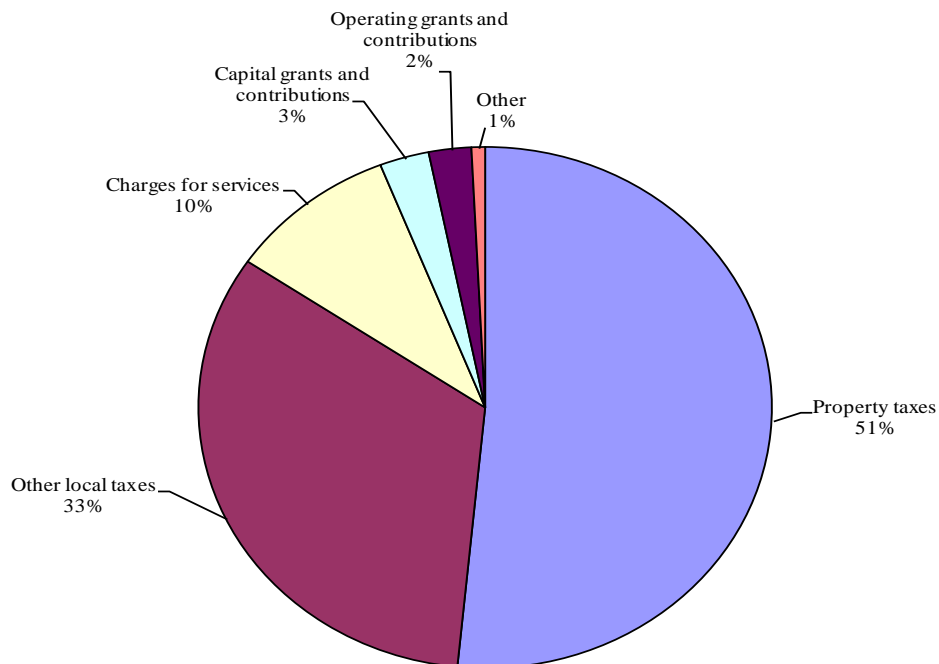
- Property tax revenue increased by \$26.8 million (5.7 percent) this year. The taxable assessed value is expected to level off or decrease over the next few years. Taxable residential assessed values are limited to 5% annual increases (Homestead Credit). This limitation resulted in a substantial difference between full assessed values and taxable assessed values on residential properties at the peak real estate market in 2007. The 5% Homestead Credit means the County was not relying on taxes levied against full market values at the peak of the real estate market in 2007. As full assessed values decline they are still, over all, slightly higher than taxable assessed values.
- Local income taxes decreased by \$4.6 million or 1.7 percent this year due to lower taxable income.
- State shared taxes and revenues decreased by \$13.8 million (\$12.6 million in Highway User and \$1.2 million in State Aid for Police)
- Investment earnings decreased for government activities by about \$4.1million, a 3.9 percent decrease over last year. This is because of decreases in cash balances and interest rates during the year.

Expenses increased by \$20.2 million for additional Net OPEB Obligation.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Business-type activities. Business-type activities increased the County's net assets by \$22.9 million.

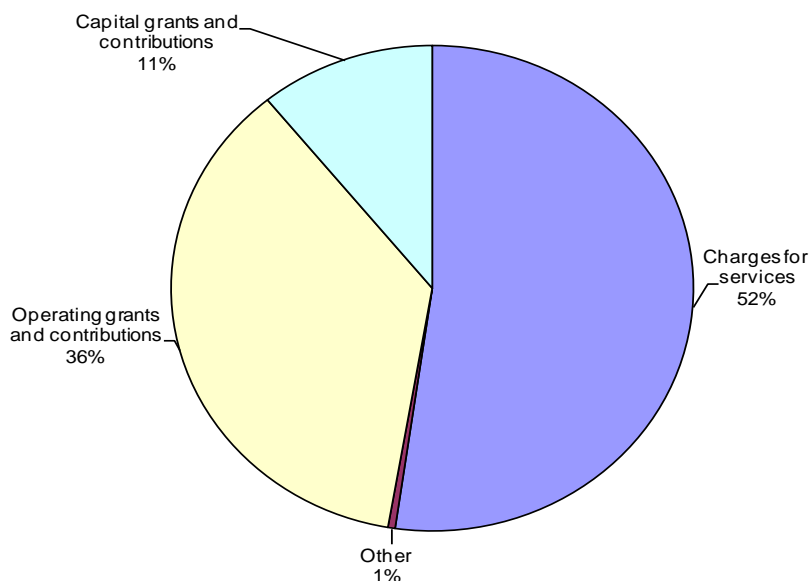
- Expenses for business type activities increased by \$5.7 million, a 9.3 percent increase over last year. This was mainly due to an increase of \$2 million in purchased water costs and \$1.3 million increase in depreciation expense.
- Capital contributions continue to be a substantial revenue source for the water and sewer operations during the current fiscal year, producing \$9.7 million in revenue, an increase of \$2.7 million from fiscal year 2009. This revenue includes the value of water and sewer lines constructed by developers and donated at no cost to the County. The County pays for additional water and sewer lines built by developers through a rebate process. Capital contributions also include front foot revenues assessed to properties connected to the water and sewer system. These front foot revenues fund the debt issued to pay developer rebates. Effective July 1, 2004, the County has not entered into any new rebate contracts. Developers pay for those improvements and are still required to donate the assets to the County.
- Operating grants and contributions increased by \$1.4 million. This is an annual ad valorem fee levied on all properties within the water and sewer service district. This charge is primarily used to fund debt service payments and pay-as-you-go funding on capital projects.
- Investment earnings decreased for business type activities by about \$779,000, a 66 percent decrease over last year. This is because of a decrease in interest rates and cash balances during the year.

Business-type activities are shown comparing costs to revenues generated by related services. Both water and sewer and the golf course activities are self-supporting.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds.

The focus of Howard County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$214.4 million, an increase of \$18.4 million in comparison with the prior year. Of this fund balance, \$157 million is reserved for the following purposes: to liquidate contracts and purchase orders of the prior period (\$88.8 million), to fund the County's budget stabilization account (\$54.7 million), and for non-current housing loans receivable (\$13.6 million).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund is \$10.3 million, \$13.6 million less than the prior year, of which, \$3.5 million is designated for OPEB and \$846,997 is undesignated. The total fund balance for the general fund decreased 12 percent to \$71.8 million mainly due to \$11 million less in revenues from other local taxes than expected and budgeted.

The \$72.6 million total fund balance of the Agricultural Land Preservation Fund is a \$4.8 million increase over the prior year. The increase is the result of recognizing an increase in the fair value of the United States Treasury Strips investments and the additional revenues collected. The County expects several preservation purchases to be closed in FY 2011.

The general capital projects fund is used to track the construction of general county buildings. The fund balance is a negative \$40.5 million. This is a timing issue due to capital project expenditures occurring before revenues are recognized.

The highway capital projects fund is used to track the construction of bridges, roads, sidewalks, and intersections. The fund balance is \$54.6 million of which \$39.9 million represents funds reserved for road development.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

All assets in the Water and Sewer Proprietary Fund and the Special Recreation Facility Fund (golf course), except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes. Net assets of the water and sewer operations at the end of the year amounted to \$508.5 million, and those for the golf course operation were \$3.8 million. The total increase in net assets in each fund was \$22.5 million and \$383,432, respectively.

Other factors concerning the finances of these two funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The original general fund expenditure and revenue budgets were amended via supplemental appropriations for \$2,000,000 to provide funds to cover the cost of three record snow events and for \$110,000 to increase funding to the Soil Conservation Office. Pay go funding on a capital project was transferred to the general fund (the project is not going forward) for the snow costs and Soil Conservation fees were increased to offset the additional appropriation.

By mid FY 2010 the County was anticipating a current year revenue shortfall as high as \$20 million. The County significantly cut back on operating expenditures and held back on spending of current and prior year pay as you go funding to various capital projects. The actual revenue shortfall was closer to \$12 million and the County was able to offset that by cutting expenditures.

Total debt service final budget amounts compared to expenditures and encumbrances for the period show a favorable variance of \$6.4 million. This budget line is for variable rate debt on the commercial paper and is purposely budgeted high to be able to accommodate any adverse rate movement during the year. Local income taxes are \$6.6 million less than budgeted – however the County was anticipating a \$12 million shortfall. Recordation tax was \$1.3 million over budget. This revenue is from the fees paid to record mortgages in land records. The increase was the result of an increase in the number of properties sold which was driven by the Federal home buying tax credits. Property Taxes were \$2.3 million more than budgeted. Highway user revenue (local share of State gasoline tax) is \$6 million under budget. Interest on investments fell short of budgeted revenue by \$5.9 million. This occurred because interest income and expense on commercial paper proceeds are budgeted high to allow for increases in interest rates during the year.

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business type activities as of June 30, 2010 is \$1.64 billion (net of accumulated depreciation). Capital assets includes land, easements, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges, water and sewer lines, and storm water management systems. The total increase in the County's investment in capital assets for the current fiscal year was 8% (a 7% increase for governmental activities and a 9.9 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- \$24 million for the first phase of the Water Reclamation Plant expansion and enhancement
- \$24 million on the renovation of the main County office buildings and \$5.5 million on general systemic improvements
- \$14.5 million on the Little Patuxent Parallel Sewer system

- \$13.4 million on various Recreation and Parks facilities including the Robinson Nature Center and the North Laurel Park Community Center
- \$12.6 million in developer donated roads, storm drainage, water and sewer lines and open space land
- \$4 million for land purchases for two fire station sites, two parks and three others for roads
- \$1.7 million for transit buses and \$1.5 million for fire vehicles and equipment

Capital Assets (net of depreciation)

		Governmental activities		Business-type activities		Total	
		2010	2009 *	2010	2009 *	2010	2009 *
Land and land improvements	\$	443,156,392	431,824,209	10,802,873	10,802,873	453,959,265	442,627,082
Buildings		136,854,015	139,798,345	76,229,701	78,794,292	213,083,716	218,592,637
Improvements other than buildings		29,042,279	31,599,126	27,525,487	28,423,192	56,567,766	60,022,318
Equipment		46,894,998	49,286,415	1,221,329	1,278,636	48,116,327	50,565,051
Infrastructure		160,740,085	161,130,635	262,395,927	262,268,671	423,136,012	423,399,306
Construction in progress		261,291,814	193,962,742	179,451,008	125,739,407	440,742,822	319,702,149
Total capital assets		\$1,077,979,583	1,007,601,472	557,626,325	507,307,071	1,635,605,908	1,514,908,543

* Reclassifications were made amongst the major classes of capital assets.

Additional information on the County's capital assets can be found in Note 7 on pages 45-47 of this report.

Long-term debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$993 million. Of this amount, \$981.2 million comprises debt backed by the full faith and credit of the government. The remainder of the County's debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds).

Outstanding Debt

		Governmental activities		Business-type activities		Total	
		2010	2009	2010	2009	2010	2009
Consolidated Public Improvement bonds	\$	723,305,002	671,880,814	110,810,000	110,889,110	834,115,002	782,769,924
State water quality loan		5,795,000	7,980,000	43,220,051	46,575,788	49,015,051	54,555,788
Landfill closure obligation		35,002,000	34,503,000		-	35,002,000	34,503,000
Agriculture land preservation program		60,998,200	61,240,200		-	60,998,200	61,240,200
Special facility revenue bonds		-	-	6,870,000	7,395,000	6,870,000	7,395,000
Other		4,888,717	-	2,034,984	2,922,762	6,923,701	2,922,762
Total outstanding debt		\$ 829,988,919	775,604,014	162,935,035	167,782,660	992,923,954	943,386,674

The County's total long-term debt increased by \$49.5 million (5.3 percent) during the current fiscal year. The major factors in this increase was the issuance of \$85.9 million in Consolidated Public Improvement (CPI) Project Refunding Bonds and \$7.3 million in Metropolitan (Metro) District Project Refunding Bonds; the issuance of \$101 million Consolidated Public Improvement Project Bonds, \$5.5 million of Metropolitan District Project Bonds, a \$402,867 draw on the State Water Quality Revolving Loan Fund. The County entered into a capital lease for energy performance of \$4.9 million. The County refunded \$88 million CPI and \$6.8 million Metro and retired \$49.6, \$6.1, and \$3.8 million of CPI, Metro and Water Quality Bonds, respectively. The County also retired \$525,000 of Special Facility Revenue Bonds. The County maintains an "AAA" rating from both Standard & Poor's and Fitch Ratings, and an "Aaa" rating from Moody's Investors Service for general obligation debt.

Local statutes limit the amount of general obligation debt a governmental entity may issue to 4.8 percent of its total assessed valuation. The current debt limitation for the County is \$2.4 billion, which is significantly in excess of Howard County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 8 starting on page 47 of this report.

Economic Factors and Next Year's Budgets and Rates

Howard County has a relatively low unemployment rate as evidenced by the following:

- The June 2010 unemployment rate for the County was 5.5 percent (peaked at 6 percent in January 2010 and was 5.2 percent in October 2010). This compares favorably to the state's unemployment rate of 7.3 percent and the national rate of 9.5 percent for the same period. The County's rate was 2.7 percent in November 2007.
- The occupancy rate for office space as of June 2010 was 85.5 percent, up from 84.6 percent a year ago. Howard County had 152,864 SF new office space come on line during this fiscal year.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2011 fiscal year.

The fiscal year 2011 general fund budget is \$2 million or 0.25 percent more than the fiscal year 2010 budget. This increase is the result of an \$11.4 million increase in Education and \$1.4 million increase for Elections funding offset by \$10.8 million of reductions in all other areas.

The County's property tax and income tax rates remained the same for Fiscal Year 2011. The Building Excise Tax (used to fund road expansion) rates were increased 4.2 percent (based on the Baltimore Cost Index). Water charges were increased 9 percent to offset an increase in the cost of water purchased from Baltimore City. No changes were made to the annual refuse and recycling fees and the water and sewer ad valorem or fire tax rates.

Currently Known Facts, Decisions and Conditions

The County is not anticipating a revenue shortfall in FY 2011. FY 2011 income tax received through November 2010 is up 9.9% over FY 2010 and is running ahead of budgeted expectation for that period. All other major revenue sources are on budget for FY 2011.

The County received a \$73 million federal grant to fund One Maryland Broadband Plan. The grant will be used to administer, purchase, and install dark fiber infrastructure in 10 jurisdictions in central Maryland over the next 2.5 years.

Requests for Information

This financial report is designed to provide a general overview of Howard County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be addressed to the Department of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043 (410) 313-2113 or e-mailed to sgreisz@howardcountymd.gov. Complete financial reports are also available on our web site www.howardcountymd.gov.

Basic Financial Statements

Government-wide financial statements combine all of Howard County's governmental and business-type activities, as well as its discretely presented component units.

Fund financial statements show the financial position and the operating results by fund.



Howard County, Maryland
Statement of Net Assets
June 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Equity in pooled cash and cash equivalents	\$ 102,979,675	13,085,107	116,064,782	39,261,136
Investments	-	-	-	122,153,175
Receivables:				
Property taxes, net	5,242,625	146,132	5,388,757	-
Due from other governments	44,588,393	-	44,588,393	18,999,983
Other	2,111,399	10,709,894	12,821,293	6,065,283
Materials and supplies	1,601,958	847,943	2,449,901	3,326,094
Prepays	8,491	-	8,491	1,243,539
Other assets	850	-	850	-
Restricted assets:				
Equity in pooled cash and cash equivalents	104,023,908	59,464,000	163,487,908	8,466,062
Investments	41,086,840	-	41,086,840	-
Property taxes	518,280	-	518,280	-
Due from other governments	11,897,071	-	11,897,071	-
Water & sewer assessments receivable	-	82,174,483	82,174,483	-
Other receivables	14,775,333	296,718	15,072,051	3,189,531
Materials and supplies	331,177	-	331,177	-
Internal balances	(1,892,655)	1,892,655	-	-
Other assets	3,628,375	372,530	4,000,905	-
Capital assets:				
Land	443,156,392	10,802,873	453,959,265	46,501,237
Construction in progress	261,291,814	179,451,008	440,742,822	117,720,671
Buildings and improvements, net	165,896,294	366,151,115	532,047,409	928,809,163
Machinery and equipment, net	46,894,998	1,221,329	48,116,327	9,726,895
Infrastructure, net	160,740,085	-	160,740,085	-
Other capital assets	-	-	-	3,039,163
Total assets	1,408,881,303	726,615,787	2,135,497,090	1,308,501,932
LIABILITIES				
Accounts payable and other current liabilities	31,718,515	12,780,423	44,498,938	93,774,167
Accrued interest payable	13,244,950	1,632,892	14,877,842	-
Accrued wages and benefits	14,180,776	610,408	14,791,184	1,634,355
Deposits	370,857	3,646,259	4,017,116	378,660
Due to primary government	-	-	-	5,913,759
Unearned revenues	7,875,328	364,047	8,239,375	28,249,830
Noncurrent liabilities:				
Due within one year	53,664,198	13,576,698	67,240,896	11,831,927
Due in more than one year, net	910,477,407	179,657,363	1,090,134,770	73,617,609
Total liabilities	1,031,532,031	212,268,090	1,243,800,121	215,400,307
NET ASSETS				
Invested in capital assets, net of related debt	745,888,922	392,097,776	1,137,986,698	1,035,223,035
Restricted for:				
Public safety	8,569,833	-	8,569,833	-
Public works	143,031,295	119,578,365	262,609,660	-
Recreation and parks	1,262,440	688,545	1,950,985	-
Community services	10,595,002	-	10,595,002	-
Education	-	-	-	8,343,813
Business type operations	-	-	-	6,711,623
Unrestricted	(531,998,220)	1,983,011	(530,015,209)	42,823,154
Total net assets	\$ 377,349,272	514,347,697	891,696,969	1,093,101,625

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland

Statement of Activities

For the Year Ended June 30, 2010

Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Gov Activities	Bus Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 40,551,179	29,198,040	3,108,812	5,379,833	(2,864,494)	-	(2,864,494)	-
Public safety	154,381,502	4,502,716	8,213,958	19,702	(141,645,126)	-	(141,645,126)	-
Public works	101,682,165	42,937,855	3,617,537	13,485,664	(41,641,109)	-	(41,641,109)	-
Recreation and parks	26,909,791	12,621,042	7,096	3,862,187	(10,419,466)	-	(10,419,466)	-
Legislative and judicial	19,917,865	520,163	637,442	-	(18,760,260)	-	(18,760,260)	-
Community services	38,203,641	2,056,798	11,148,003	251,122	(24,747,718)	-	(24,747,718)	-
State highways	2,450,937	-	-	-	(2,450,937)	-	(2,450,937)	-
Education	557,205,570	-	-	-	(557,205,570)	-	(557,205,570)	-
Interest on long term debt	32,759,477	-	-	-	(32,759,477)	-	(32,759,477)	-
Total governmental activities	974,062,127	91,836,614	26,732,848	22,998,508	(832,494,157)	-	(832,494,157)	-
Business type activities:								
Water and sewer	64,845,285	44,355,147	32,395,714	9,666,912	-	21,572,488	21,572,488	-
Golf course	1,791,000	2,149,442	-	-	-	358,442	358,442	-
Total business-type activities	66,636,285	46,504,589	32,395,714	9,666,912	-	21,930,930	21,930,930	-
Total primary government	1,040,698,412	138,341,203	59,128,562	32,665,420	(832,494,157)	21,930,930	(810,563,227)	-
Component units:								
Public school system	794,461,502	11,684,875	129,393,151	58,845,268	-	-	-	(594,538,208)
Community college	88,368,512	33,825,402	1,029,793	8,077,641	-	-	-	(45,435,676)
Library	18,280,865	729,791	-	-	-	-	-	(17,551,074)
Housing commission	24,885,794	6,162,096	-	14,306,890	-	-	-	(4,416,808)
Total component units	\$ 925,996,673	52,402,164	130,422,944	81,229,799	-	-	-	(661,941,766)
General revenues:								
Property taxes					\$ 494,218,364	-	494,218,364	497,985,673
Local income taxes					266,953,624	-	266,953,624	-
Transfer tax					21,276,814	-	21,276,814	-
Recordation tax					15,267,362	-	15,267,362	-
Building excise tax					5,634,708	-	5,634,708	-
Hotel / motel tax					2,822,361	-	2,822,361	-
Admission tax					2,234,959	-	2,234,959	-
County development tax					98,306	-	98,306	-
Mobile home tax					577,132	-	577,132	-
Intergovernmental, unrestricted					790,181	-	790,181	193,270,904
Unrestricted investment income					6,481,902	395,605	6,877,507	882,315
Miscellaneous					861,084	-	861,084	5,136,677
Transfers					(587,000)	587,000	-	-
Total general revenues and transfers					816,629,797	982,605	817,612,402	697,275,569
Change in net assets					(15,864,360)	22,913,535	7,049,175	35,333,803
Net assets - beginning of year, as previously reported					388,436,002	491,434,162	879,870,164	1,057,767,822
Adjustment to restate net assets					4,777,630	-	4,777,630	-
Net assets - beginning of year, as restated					393,213,632	491,434,162	884,647,794	1,057,767,822
Net assets - end of year					\$ 377,349,272	514,347,697	891,696,969	1,093,101,625

The accompanying notes to the financial statements are an integral part of this statement.

Howard County, Maryland
Balance Sheet
Governmental Funds
June 30, 2010

	General	Agricultural Land Preservation Fund	General Capital Projects	Highway Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and cash equivalents	\$ 58,908,968	-	-	-	11,503,429	70,412,397
Receivables:						
Property taxes, net	5,242,625	-	-	-	-	5,242,625
Due from other governments	44,588,393	-	-	-	-	44,588,393
Interfund receivable	4,374,744	-	-	-	-	4,374,744
Other	958,609	-	-	-	30,292	988,901
Other assets	850	-	-	-	-	850
Restricted assets:	-					
Pooled cash and cash equivalents	-	30,835,759	539,791	26,764,032	45,884,326	104,023,908
Investments	-	41,086,840	-	-	-	41,086,840
Due from other funds	-	-	-	30,066,979	-	30,066,979
Economic development loans	-	-	-	-	107,585	107,585
Housing loans	-	-	-	-	13,462,875	13,462,875
Property taxes	-	-	-	-	518,280	518,280
Materials and supplies	-	-	-	-	331,177	331,177
Due from other governments	-	731,989	146,792	435,254	10,583,036	11,897,071
Other	-	-	745,739	21,989	437,147	1,204,875
Total assets	114,074,189	72,654,588	1,432,322	57,288,254	82,858,147	328,307,500
LIABILITIES						
Due to other funds	-	-	28,548,747	-	5,802,620	34,351,367
Accounts payable / accrued liabilities	5,342,037	-	13,402,643	2,196,342	4,533,275	25,474,297
Accrued wages and benefits	9,234,318	8,816	24,835	8,309	4,278,338	13,554,616
Deposits and connection fees	99,213	-	-	-	271,644	370,857
Deferred revenue	27,626,272	-	-	436,983	12,066,577	40,129,832
Total liabilities	42,301,840	8,816	41,976,225	2,641,634	26,952,454	113,880,969
FUND BALANCES						
Reserved for:						
Encumbrances	6,766,440	1,382	24,904,467	17,640,433	38,480,245	87,792,967
Noncurrent receivables/payables	-	-	-	-	13,578,971	13,578,971
Budget stabilization account	54,681,366	-	-	-	-	54,681,366
Unreserved, reported in:						
General fund:						
Designated for subsequent year's expenditures	3,900,000	-	-	-	-	3,900,000
Designated for subsequent years' budget stabilization account	1,577,546	-	-	-	-	1,577,546
Designated for other post-employment benefits	3,500,000	-	-	-	-	3,500,000
Designated for salary GAAP accrual conversion	500,000	-	-	-	-	500,000
Undesignated	846,997	-	-	-	-	846,997
Special Revenue funds:						
Designated for future balloon payment	-	41,086,840	-	-	-	41,086,840
Designated for subsequent year's expenditures	-	29,074,867	-	-	-	29,074,867
Undesignated	-	2,482,683	-	-	30,151,599	32,634,282
Capital Projects funds:						
Undesignated	-	-	(65,448,370)	37,006,187	(26,305,122)	(54,747,305)
Total fund balances	71,772,349	72,645,772	(40,543,903)	54,646,620	55,905,693	214,426,531
Total liabilities and fund balances	\$ 114,074,189	72,654,588	1,432,322	57,288,254	82,858,147	328,307,500

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010

Amounts reported for governmental activities in the statement of net assets (page 15) are different because:

Total fund balances - governmental funds (page 17)		\$ 214,426,531
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		38,912,024
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	\$ (790,098,202)	
Capital lease	(4,888,717)	
Deferred refunding gain/loss and costs	(34,112,976)	
Accrued interest payable	(13,244,950)	
Compensated absences	(19,340,425)	
Net OPEB obligation	(69,881,083)	
Landfill closure & post closure	(35,002,000)	(966,568,353)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,058,092,714
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		<u>32,486,356</u>
Net assets of governmental activities (page 15)		<u><u>\$ 377,349,272</u></u>

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	General Fund	Agricultural Land Preservation Fund	General Capital Projects	Highway Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 425,879,482	-	-	-	68,761,547	494,641,029
Other local taxes	314,944,353	5,417,510	5,319,203	5,634,708	10,638,407	341,954,181
State shared taxes	790,181	-	-	-	-	790,181
Revenues from other governments	5,158,870	-	4,944,579	-	20,762,705	30,866,154
Charges for services	11,136,383	-	-	-	36,016,709	47,153,092
Interest on investments	632,654	5,149,536	137,505	206,585	309,064	6,435,344
Licenses and permits	5,839,006	-	-	-	-	5,839,006
Fines and forfeitures	2,963,214	-	-	-	19,905	2,983,119
Developer fees	-	-	-	888,143	777,686	1,665,829
Rental of property	-	-	-	-	206,754	206,754
Recoveries for interfund services	11,457,728	-	-	-	-	11,457,728
Payments from component units	861,084	-	-	-	-	861,084
Miscellaneous program revenues	1,439,078	8,297	6,528,451	74,008	595,629	8,645,463
Total revenues	781,102,033	10,575,343	16,929,738	6,803,444	138,088,406	953,498,964
EXPENDITURES						
Current:						
General government	19,116,576	-	-	-	2,705,873	21,822,449
Legislative & judicial	18,859,779	-	-	-	510,691	19,370,470
Public works	64,737,678	946,239	497,183	-	21,372,802	87,553,902
Public safety	88,445,419	-	-	-	60,328,465	148,773,884
Recreation and parks	12,969,853	-	-	-	11,393,250	24,363,103
Community services	14,798,337	-	-	-	22,298,425	37,096,762
Education	494,085,673	-	48,734,253	-	-	542,819,926
Capital improvements	-	-	44,834,045	12,630,279	21,977,150	79,441,474
Debt service:						
Principal	49,950,000	242,000	-	-	-	50,192,000
Interest	28,860,635	4,604,765	-	-	-	33,465,400
Total expenditures	791,823,950	5,793,004	94,065,481	12,630,279	140,586,656	1,044,899,370
Excess (deficiency) of revenues over expenditures	(10,721,917)	4,782,339	(77,135,743)	(5,826,835)	(2,498,250)	(91,400,406)
OTHER FINANCING SOURCES (USES)						
Bond premium	-	-	17,022,426	1,107,595	844,032	18,974,053
Capital related debt issued	-	-	90,781,077	4,121,180	6,107,743	101,010,000
Refunding bonds issued	-	-	77,256,312	5,325,381	3,278,307	85,860,000
Capital lease proceeds	-	-	4,909,012	-	-	4,909,012
Capital lease	-	-	(4,909,012)	-	-	(4,909,012)
Payment to bond refunding escrow agent	-	-	(89,150,663)	(6,145,300)	(3,782,933)	(99,078,896)
Transfers in	17,371,330	-	2,641,648	4,443,625	11,249,011	35,705,614
Transfers out	(16,676,284)	-	(8,896,957)	(2,978,417)	(7,694,398)	(36,246,056)
Total other financing sources and uses	695,046	-	89,653,843	5,874,064	10,001,762	106,224,715
Net change in fund balances	(10,026,871)	4,782,339	12,518,100	47,229	7,503,512	14,824,309
Adjustment to beginning balance	-	-	-	-	3,547,737	3,547,737
Fund balances - beginning, as previously reported	81,799,220	67,863,433	(53,062,003)	54,599,391	44,854,444	196,054,485
Fund balances-ending	\$ 71,772,349	72,645,772	(40,543,903)	54,646,620	55,905,693	214,426,531

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2010

Amounts reported for governmental activities in the statement of activities (page 16) are different because:

Net change in fund balances - total governmental funds (page 19)	\$ 14,824,309
--	---------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of the amount by which capital outlays exceeds depreciation in the current period is as follows:

Capital outlays	80,106,917	
Less: Depreciation expense	<u>(19,968,119)</u>	60,138,798

In the statement of activities, only the gain on the sale of land and buildings is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the land and buildings sold.

(5,162)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

12,097,846

Revenues to governmental funds that relate to prior periods are not reported in the statement of activities. Similarly, revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund. The details are as follows:

Revenues related to prior periods	(27,511,580)	
Revenues that do not provide current financial resources	<u>5,101,528</u>	(22,410,052)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.

(62,295,739)

In the statement of activities, certain operating expenses are measured by the amounts accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources expended.

(19,869,790)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The new revenue (expense) of certain internal service funds is reported with governmental activities.

1,655,430

Change in net assets of governmental activities (page 16).

\$ (15,864,360)

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2010

REVENUES	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Property taxes	\$ 423,603,109	423,603,109	425,879,482	2,276,373
Other local taxes	320,650,000	320,650,000	314,944,353	(5,705,647)
State shared taxes	6,641,944	6,641,944	790,181	(5,851,763)
Revenues from other governments	6,441,500	6,441,500	5,158,870	(1,282,630)
Charges for services	10,165,050	10,275,050	11,136,383	861,333
Interest on investments	6,521,732	6,521,732	632,654	(5,889,078)
Licenses and permits	5,041,700	5,041,700	5,839,006	797,306
Recoveries for interfund services	11,669,881	11,669,881	11,457,728	(212,153)
Fines and forfeitures	3,952,320	3,952,320	2,963,214	(989,106)
Payments from component units	863,706	863,706	4,761,084	3,897,378
Miscellaneous	1,187,591	3,187,591	1,557,009	(1,630,582)
Total revenues	796,738,533	798,848,533	785,119,964	(13,728,569)
EXPENDITURES				
Current:				
General government	21,744,966	20,410,828	19,106,819	1,304,009
Legislative & judicial	20,103,034	20,380,751	18,885,809	1,494,942
Public works	63,135,271	66,040,368	64,407,990	1,632,378
Public safety	95,204,922	95,424,962	88,171,155	7,253,807
Recreation and parks	13,011,889	13,039,053	13,008,131	30,922
Community services	14,910,681	14,924,801	14,560,940	363,861
Education	498,009,248	498,009,248	497,985,673	23,575
Debt service:				
Principal payments on debt	49,950,005	49,950,005	49,950,000	5
Interest payments on debt	35,289,278	35,289,278	28,885,414	6,403,864
Total expenditures	811,359,294	813,469,294	794,961,931	18,507,363
Deficiency of revenues under expenditures	(14,620,761)	(14,620,761)	(9,841,967)	4,778,794
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	14,197,182	14,197,182	14,197,182	-
Transfers in	15,286,785	15,286,785	17,371,330	2,084,545
Transfers out	(14,863,206)	(14,863,206)	(14,647,636)	215,570
Total other financing sources (uses)	14,620,761	14,620,761	16,920,876	2,300,115
Net change in fund balance	-	-	7,078,909	7,078,909
Less appropriation from fund balance	-	-	(14,197,182)	-
Fund balances - beginning	-	-	81,929,879	-
Fund balances - ending	\$ -	-	74,811,606	-

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis
Agricultural Land Preservation Fund
For the Year Ended June 30, 2010

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Local taxes	\$ 4,625,000	4,625,000	5,417,510	792,510
Investment income	-	-	5,149,536	5,149,536
Miscellaneous program revenue	15,000	15,000	8,297	(6,703)
Total revenues	4,640,000	4,640,000	10,575,343	5,935,343
EXPENDITURES				
Public works:				
Agricultural land preservation program administration	1,536,707	1,500,769	945,982	554,787
Agricultural land preservation board	1,900	1,900	962	938
Contingency	28,963,206	28,963,206	-	28,963,206
Total public works	30,501,813	30,465,875	946,944	29,518,931
Debt service:				
Principal payments on debt	237,000	237,000	242,000	(5,000)
Interest payments on debt	4,573,827	4,609,765	4,604,765	5,000
Total debt service	4,810,827	4,846,765	4,846,765	-
Total expenditures	35,312,640	35,312,640	5,793,709	29,518,931
Excess (deficiency) of revenues over (under) expenditures	(30,672,640)	(30,672,640)	4,781,634	35,454,274
OTHER FINANCING SOURCES				
Appropriation from fund balance	30,672,640	30,672,640	-	30,672,640
Total other financing sources	30,672,640	30,672,640	-	30,672,640
Net change in fund balance	-	-	4,781,634	4,781,634
Fund balances - beginning	-	-	67,871,572	-
Fund balances - ending	\$ -	-	72,653,206	-

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Water and Sewer	Enterprise Funds Special Recreation Facility	Total	Gov't Activities- Internal Service Funds
ASSETS				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 13,085,107	-	13,085,107	32,567,278
Prepaid expenses	-	-	-	8,491
Receivables:				
Service billings	10,689,343	-	10,689,343	-
Property taxes	146,132	-	146,132	-
Other receivables	20,551	-	20,551	1,122,498
Materials and supplies	807,431	40,512	847,943	1,601,958
Restricted assets:				
Equity in pooled cash and cash equivalents	58,700,577	763,423	59,464,000	-
Water and sewer assessments	7,294,959	-	7,294,959	-
Total current assets	90,744,100	803,935	91,548,035	35,300,225
Noncurrent assets:				
Restricted assets:				
Receivables:				
Water and sewer assessments	74,879,524	-	74,879,524	-
Other receivables	16,718	280,000	296,718	-
Materials and supplies	-	-	-	-
Capital assets:				
Land	2,117,977	8,684,896	10,802,873	-
Construction in progress	179,451,008	-	179,451,008	-
Buildings and improvements, net	365,359,916	791,199	366,151,115	-
Machinery and equipment, net	1,089,713	131,616	1,221,329	19,886,869
Other assets	267,961	104,569	372,530	-
Total noncurrent assets	623,182,817	9,992,280	633,175,097	19,886,869
Total assets	713,926,917	10,796,215	724,723,132	55,187,094
LIABILITIES				
Current liabilities:				
Due to other funds	-	90,356	90,356	-
Accounts payable	12,455,234	325,189	12,780,423	783,200
Capital lease	-	-	-	-
Accrued wages and benefits	610,408	-	610,408	626,160
Compensated absences	19,465	-	19,465	29,015
Unpaid insurance claims	-	-	-	5,365,140
Deposits and connection fees	-	-	-	75,000
Other accrued expenses	-	-	-	20,878
Current liabilities	13,085,107	415,545	13,500,652	6,899,393
Current liabilities payable from restricted assets:				
Deposits and connection fees	3,646,259	-	3,646,259	-
Developer agreement rebates and deposits	276,702	-	276,702	-
Deferred water and sewer assessments	2,283,322	-	2,283,322	-
Other debt payable	3,867,209	-	3,867,209	-
Bonds payable	6,590,000	540,000	7,130,000	-
Interest payable	1,548,478	84,414	1,632,892	-
Current liabilities payable from restricted assets	18,211,970	624,414	18,836,384	-
Total current liabilities	31,297,077	1,039,959	32,337,036	6,899,393
Noncurrent liabilities:				
Developer agreement rebates and deposits	2,058,171	-	2,058,171	-
Deferred water and sewer assessments	23,437,314	-	23,437,314	-
Net OPEB obligation	933,934	-	933,934	-
Compensated absences	754,774	-	754,774	899,232
Unpaid insurance claims	-	-	-	6,493,434
Special revenue bonds payable	-	6,324,345	6,324,345	-
Metropolitan district bonds payable	107,127,776	-	107,127,776	-
Deferred refunding amount	77,329	(409,111)	(331,782)	-
Deferred revenue	364,047	-	364,047	-
Other long-term debt	39,352,831	-	39,352,831	-
Total noncurrent liabilities	174,106,176	5,915,234	180,021,410	7,392,666
Total liabilities	205,403,253	6,955,193	212,358,446	14,292,059
NET ASSETS				
Invested in capital assets, net of related debt	388,945,299	3,152,477	392,097,776	19,886,869
Restricted:				
For debt service	74,879,524	763,423	75,642,947	-
Unrestricted	44,698,841	(74,878)	44,623,963	21,008,166
Total net assets	\$ 508,523,664	3,841,022	512,364,686	40,895,035
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			1,983,011	
Net assets of business-type activities			514,347,697	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water and Sewer	Special Recreation Facility	Total	
Operating revenues:				
User charges	\$ 39,899,112	-	39,899,112	69,262,713
Greens and cart fees	-	1,606,301	1,606,301	-
Range fees	-	96,641	96,641	-
Merchandise	-	111,844	111,844	-
Food and beverage	-	313,789	313,789	-
Insurance recoveries	-	-	-	755,355
Miscellaneous sales and services	538,748	20,867	559,615	1,258,626
Total operating revenues	40,437,860	2,149,442	42,587,302	71,276,694
Operating expenses:				
Salaries and employee benefits	10,365,385	-	10,365,385	10,115,946
Contractual services	6,714,237	1,460,408	8,174,645	8,605,227
Supplies and materials	1,483,409	-	1,483,409	2,136,252
Business and travel	49,280	-	49,280	31,493
Vehicle fuels and supplies	1,756,365	-	1,756,365	5,004,073
Purchased water and transmission charges	12,546,037	-	12,546,037	-
Sewage treatment charges	5,741,621	-	5,741,621	-
Share of county administrative expenses	4,018,194	-	4,018,194	733,146
Insurance claims	193,115	-	193,115	37,541,780
Other administrative	500,240	-	500,240	573
Depreciation expense	13,634,123	49,090	13,683,213	5,834,602
Less: house connection and capitalized overhead costs	(49,732)	-	(49,732)	-
Total operating expenses	56,952,274	1,509,498	58,461,772	70,003,092
Operating income (loss)	(16,514,414)	639,944	(15,874,470)	1,273,602
Nonoperating revenues (expenses):				
Ad valorem charges	32,395,714	-	32,395,714	-
Water and sewer assessment charges	4,082,983	-	4,082,983	-
Interest on investments	370,615	24,990	395,605	79,913
Interest expense	(7,947,058)	(228,481)	(8,175,539)	-
Loss on sale of capital assets	-	-	-	369,163
Other, net	(165,696)	(53,021)	(218,717)	-
Total nonoperating revenues (expenses)	28,736,558	(256,512)	28,480,046	449,076
Net income (loss) before contributions and transfers	12,222,144	383,432	12,605,576	1,722,678
Capital contributions	9,666,912	-	9,666,912	-
Transfers in (out)	587,000	-	587,000	(5,697,321)
Change in net assets	22,476,056	383,432	22,859,488	(3,974,643)
Total net assets - beginning	486,047,608	3,457,590		43,639,785
Prior period adjustment to fixed assets				1,229,893
Total net assets - beginning (as restated)	486,047,608			44,869,678
Total net assets - ending	\$ 508,523,664	3,841,022		40,895,035
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			54,047	
Change in net assets of business -type activities			22,913,535	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Water & Sewer	Special Recreation Facility	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 46,700,272	2,149,442	48,849,714	54,944,217
Cash paid to suppliers	(33,271,684)	(1,449,763)	(34,721,447)	(51,301,930)
Cash paid to / for employees	(9,373,679)	-	(9,373,679)	(8,289,869)
Cash paid for interfund services used	(4,895,844)	-	(4,895,844)	(3,356,905)
Other operating cash receipts	20,852	-	20,852	15,755,221
Net cash (used in) provided by operating activities	(820,083)	699,679	(120,404)	7,750,734
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers in (out) to other funds	-	64,025	64,025	(46,558)
Net cash provided by (used in) noncapital financing activities	-	64,025	64,025	(46,558)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of county bonds	13,352,202	-	13,352,202	-
Proceeds from state loan	402,867	-	402,867	-
Proceeds from developer contributions	280,725	-	280,725	-
Cash receipts from assessments & connection charges	35,290,981	-	35,290,981	-
Acquisition and construction of capital assets	(46,812,842)	(18,450)	(46,831,292)	(3,609,180)
Capital lease payment	-	(17,204)	(17,204)	-
Payment of long term debt principal	(15,098,119)	(525,000)	(15,623,119)	-
Interest paid on long term debt	(7,985,186)	(228,040)	(8,213,226)	-
Net cash used in capital and related financing activities	(20,569,372)	(788,694)	(21,358,066)	(3,609,180)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	370,615	24,990	395,605	79,913
Net cash provided by investing activities	370,615	24,990	395,605	79,913
Net increase (decrease) in cash and cash equivalents	(21,018,840)	-	(21,018,840)	4,174,909
Balances - beginning of the year	92,804,524	763,423	93,567,947	28,392,369
Balances - end of the year	71,785,684	763,423	72,549,107	32,567,278
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities				
Operating (loss) income	(16,514,414)	639,944	(15,874,470)	1,273,602
Adjustments to reconcile operating income to net cash:				
Depreciation expense	13,634,123	49,090	13,683,213	5,834,602
Change in assets and liabilities:				
Decrease (increase) in accounts and other receivables	6,510,449	-	6,510,449	(259,830)
Decrease (increase) in inventories	116,388	46,651	163,039	-
Increase (decrease) in operating accounts payables	(4,837,301)	(36,006)	(4,873,307)	902,360
Increase in compensated absences and net opeb obligation	270,672	-	270,672	-
Total adjustments	15,694,331	59,735	15,754,066	6,477,132
Net cash (used in) provided by operating activities	\$ (820,083)	699,679	(120,404)	7,750,734

Noncash investing, capital and financing activities:

In Fiscal Year 2010, water and sewer lines with an estimated market value of \$6,932,847 were contributed to the water and sewer enterprise fund by developers.

All investments mature in one year or less so the change in fair value is not determined.

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Fiduciary Net Assets
Pension and Other Post Employment Benefits Trust Funds and Agency Funds
June 30, 2010

	Pension and OPEB Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and cash equivalents	\$ -	4,241,617
Receivables:		
Property tax	-	205,980
Interest and dividends	1,015,867	-
Employer contributions	1,694,778	-
Employee contributions	502,538	-
Sale of investments	22,625,159	-
Other	45,772	-
Investments, at fair value:		
Cash	7,848	-
Common stocks	125,740,674	-
Mutual funds	137,090,009	-
Money market funds	11,975,479	-
Fixed income securities	169,991,995	-
Real estate	21,546,949	-
Other	-	-
Prepaid insurance	84,511	-
Total assets	<u>492,321,579</u>	<u>4,447,597</u>
LIABILITIES		
Accounts payable		
Investments purchased	29,327,583	-
Other	1,242,372	1,120,548
Deposits	-	3,327,049
Total liabilities	<u>30,569,955</u>	<u>4,447,597</u>
NET ASSETS		
Held in trust for pension and OPEB benefits	<u>\$ 461,751,624</u>	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Changes in Fiduciary Net Assets
Pension and Other Post Employment Benefits Trust Funds
For the Year Ended June 30, 2010

ADDITIONS

Contributions:

Employer	\$ 32,748,525
Member	7,548,662
Total contributions	40,297,187

Investment income:

Net change in fair value of investments	44,862,977
Interest	4,897,429
Dividends	5,072,248
Other	44,432
Investment expense	(1,838,637)

Net investment (loss) income	53,038,449
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Total additions	93,335,636
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DEDUCTIONS

Benefits	26,707,601
Administrative expenses	497,301

Total deductions	27,204,902
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Change in net assets	66,130,734
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Net assets - beginning	395,620,890
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Net assets - ending	\$ 461,751,624
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The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Net Assets
Component Units
June 30, 2010

	Public School System	Community College	Library	Housing Commission	Total
ASSETS					
Equity in pooled cash and cash equivalents	\$ 7,379,497	27,644,720	2,116,217	2,120,702	39,261,136
Investments	115,168,548	5,240,991	1,318,636	425,000	122,153,175
Receivables:					
Due from other governments	9,681,279	9,318,704	-	-	18,999,983
Other	2,688,798	1,513,919	22,051	1,840,515	6,065,283
Materials and supplies	2,615,232	710,862	-	-	3,326,094
Prepays	334,756	751,778	143,783	13,222	1,243,539
Restricted assets:					
Equity in pooled cash and cash equivalents	119,147	-	229,166	8,117,749	8,466,062
Mortgage receivable	-	-	-	3,189,531	3,189,531
Capital assets:					
Land	12,548,467	2,956,559	164,453	30,831,758	46,501,237
Construction in progress	115,578,967	1,900,929	-	240,775	117,720,671
Buildings and improvements, net	753,348,042	137,697,403	-	37,763,718	928,809,163
Machinery and equipment, net	5,317,524	4,076,315	333,056	-	9,726,895
Other assets	-	344,850	2,694,313	-	3,039,163
Total assets	1,024,780,257	192,157,030	7,021,675	84,542,970	1,308,501,932
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	87,289,780	4,410,192	1,309,043	765,152	93,774,167
Accrued salaries and benefits	-	1,301,526	332,829	-	1,634,355
Deposits	-	378,660	-	-	378,660
Due to primary government	-	5,913,759	-	-	5,913,759
Unearned revenues	23,859,361	2,846,951	304,893	1,238,625	28,249,830
Long term liabilities:					
Due within one year	5,452,036	365,918	-	6,013,973	11,831,927
Due in more than one year, net	13,653,352	11,262,724	888,071	47,813,462	73,617,609
Total liabilities	130,254,529	26,479,730	2,834,836	55,831,212	215,400,307
NET ASSETS					
Invested in capital assets, net of related debt	875,114,194	136,583,636	3,191,822	20,333,383	1,035,223,035
Restricted for:					
Education	1,183,488	6,931,159	229,166	-	8,343,813
Business type operations	3,036,383	754,314	-	2,920,926	6,711,623
Unrestricted	15,191,663	21,408,191	765,851	5,457,449	42,823,154
Total net assets	\$ 894,525,728	165,677,300	4,186,839	28,711,758	1,093,101,625

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2010

					Net (Expense) Revenue and Changes in Net Assets				
Programs	Expenses	Program Revenues			Public School System	Community College	Library	Housing Commission	Total
		Charges for Services	Operating Grants and Contributions	Capital Contributions					
Component units:									
Public school system	\$ 794,461,502	11,684,875	129,393,151	58,845,268	(594,538,208)	-	-	-	(594,538,208)
Community college	88,368,512	33,825,402	1,029,793	8,077,641	-	(45,435,676)	-	-	(45,435,676)
Library	18,280,865	729,791	-	-	-	-	(17,551,074)	-	(17,551,074)
Housing commission	24,885,794	6,162,096	-	14,306,890	-	-	-	(4,416,808)	(4,416,808)
Total component units	\$ 925,996,673	52,402,164	130,422,944	81,229,799	(594,538,208)	(45,435,676)	(17,551,074)	(4,416,808)	(661,941,766)
General revenues:									
Property taxes					\$ 457,560,424	25,195,470	15,229,779	-	497,985,673
Intergovernmental, unrestricted					164,662,789	26,051,745	2,556,370	-	193,270,904
Investment income					123,559	596,915	4,044	157,797	882,315
Miscellaneous					1,401,113	-	-	3,735,564	5,136,677
Total general revenues					623,747,885	51,844,130	17,790,193	3,893,361	697,275,569
Change in net assets					29,209,677	6,408,454	239,119	(523,447)	35,333,803
Net assets - beginning of year					865,316,051	159,268,846	3,947,720	29,235,205	1,057,767,822
Net assets - end of year					\$ 894,525,728	165,677,300	4,186,839	28,711,758	1,093,101,625

The accompanying notes are an integral part of these financial statements.



The newly opened Grassroots Crisis Intervention Center located on Freetown Road in Columbia is 25,000 square feet of absolute efficiency. Architects, contractors, planners, and the staff of Grassroots have configured the interior space to make the most of the building's "footprint."

Notes to Basic Financial Statements

The Notes are an integral part of the financial statements.



Notes to Basic Financial Statements

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Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

A. The Reporting Entity

Howard County, Maryland (the County), was formed in 1851 under a commission form of government. Under home rule charter since 1968, the County is governed by an elected County Executive and a five member County Council serving separate executive and legislative functions.

The basic financial statements include Howard County, Maryland as the primary government, and its significant component units, entities for which the County is considered to be financially accountable. The component units include the activities of the Howard County Public School System, the Library, the Community College, and the Housing Commission. The Volunteer Fire Districts have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report. The component units are included in the County's reporting entity because of the significance of their operational or financial relationship with the County in that the County approves budgetary requests and provides a significant amount of funding.

Discretely Presented Component Units

The financial data of the County's component units are discretely presented in a column separate from the financial data of the primary government. They are reported in a separate column to emphasize that they are legally separate from the County. The following are the County's component units that are included in the reporting:

The Howard County Public School System is responsible for the operation of special education, elementary, middle and high schools. The Board is comprised of five members elected by County voters. The County is responsible for levying taxes and has budgetary control over the Board.

The Howard County Library operates various library branches throughout the County. The Library is governed by a seven-member board nominated by the County Executive and approved by the County Council. The County approves the Library's annual budget and provides substantial funding to the Library.

The Howard Community College provides educational services to County citizens by offering two-year associate degrees and a continuing education program. The Community College is governed by a seven-member board appointed by the governor of Maryland. The County approves the College's annual budget and provides substantial funding to the College.

The Howard County Housing Commission is a public corporation established by Maryland and Howard County law to act as builder, developer, owner and manager of housing for eligible participants. The Commission is comprised of seven commissioners appointed by the County Executive and confirmed by the County Council. The County provides substantial funding to the Commission and approves its annual budget.

Financial information regarding the component units is included in the component units combining statements. Annual financial reports for individual component units can be obtained from their respective administrative offices:

Howard County Public School System
10910 Route 108
Ellicott City, Maryland 21042

Howard County Library
10375 Little Patuxent Parkway
Columbia, Maryland 21044

B. Government-Wide and Fund Financial Statements

The Statement of Net Assets and Statement of Activities present financial information on all the non-fiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements with the exception of interfund services provided and used. Governmental activities, which primarily are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities displays the extent to which direct expenses are offset by program revenues for each function of governmental activities and for each segment of business-type activities. Direct expenses are those that can be attributed to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Agency funds do not have a measurement focus and are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The County considers all revenues, with the exception of income tax revenue, to be available if they are collected within sixty days after the end of the current fiscal period. Income tax revenue is considered to be available if it is collected within thirty days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, as well as expenditures related to vacation, sick leave, claims, and judgments, are recorded only when payment is due.

Property taxes, other local taxes, state shared taxes, fines and forfeitures, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Agricultural Land Preservation Fund* accounts for 25% of the local transfer tax and also the County development tax which are dedicated to preserving the agricultural use of land through the purchase of development rights of property owners.

The *General Capital Projects Fund* is used to account for the construction of general capital projects such as senior centers, community centers, and administrative buildings, and also public schools and buildings for the Community College.

The *Highway Capital Projects Fund* accounts for road resurfacing and construction, bridge improvements, sidewalks and curbs, and intersection improvements.

The County reports the following major proprietary funds:

The *Water and Sewer Fund* accounts for the County's water and sewer operations, construction or acquisition of capital assets, and related debt service costs. All assets, except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes.

The *Special Recreation Facility Fund* accounts for the operations and related debt service costs of a public golf course opened in September 1996. All assets, except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources, which by law are designated to finance particular functions or activities of the County. The following revenue sources are included in special revenue funds: local transfer tax, fire and rescue tax, forest conservation developer fees, residential trash collection and disposal fees, grants, registration fees for recreational programs, and fees for health services.

Capital Projects Funds are used to account for all resources for the construction or acquisition of capital assets, except those accounted for in the General Capital Projects fund and proprietary fund types.

Internal Service Funds are funds used to account for goods and services furnished by one County department to another County department on a cost reimbursement basis. Internal Service Funds account for centralized vehicle fleet and mailing services; information systems and communication (telephone) operations; risk management activities for workers' compensation, general liability, environmental, vehicle and property insurance; County employee health benefits costs; and the maintenance and replacement of the County's radio communications systems.

Agency Funds are used to account for resources held in a custodial capacity on behalf of parties outside the government, including money paid by residents of street lights districts for energy costs, State property tax, Bay Restoration Fee, and surety bonds held on construction work.

Pension Trust Funds are used to account for the activities of the County's single-employer public employee retirement plans. These include the Police and Fire Employees' Retirement Plan and the General Employees' Plan. The plans account for employee contributions, County contributions and the earnings and profits from investments. They also account for the disbursements made for employee retirements, withdrawals, disability and death benefits as well as administrative expenses.

Annual Financial Reports for both pension trust funds can be obtained from their administrative office at Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043 or by contacting the County via e-mail at staghavi@howardcountymd.gov.

Other Post Employment Benefits (OPEB) Trust Fund was established to account for the other post employment benefits of the County and its component units. The trust fund will act as a funding mechanism for the employers' cost of retiree benefits.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is charges between water and sewer operations and other County departments because the elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund and of the Special Recreation Facility Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as they are needed.

D. Budgetary Process

Pursuant to County Charter, the County Executive's capital and operating portions of the budget for all County funds are submitted to the County Council by April 1 and 21, respectively. The County Council holds public hearings before passing the annual budget appropriation ordinance. If the County Council does not pass the budget ordinance, the Executive's proposed budget ordinance stands adopted. The adopted budget becomes effective July 1, and provides the spending authority at the individual department level for the operations of the County government with the unexpended or unencumbered appropriation authority of the operating budget expiring the following June 30. Capital unencumbered appropriations continue until the capital project is closed.

During the fiscal year, the County Council, upon the request of the County Executive, may approve transfers between projects in the capital budget but it may not increase the total size of the capital budget. The County Council, at any time during the fiscal year, may approve supplemental operating budget requests from the County Executive. The budgeted contingency reserve, which may not exceed 4 percent of the appropriated budget, is the funding source for supplemental requests. After April 1 of each year, the Council may also at the request of the Executive approve transfers between departments in the operating budgets. The Council may approve supplemental budgets from unappropriated funds only in emergencies affecting "life, health and property." Additionally, the County Executive has the authority to make transfers within a department at any time during the year without approval of the County Council. During fiscal year 2010, the Council approved two capital budget transfers, fifteen operating budget supplements, and one bill amending the annual budget and appropriation ordinance.

Budgetary data, as revised, is presented in the Basic Financial Statements for the General and Agricultural Land Preservation Funds. Outstanding encumbrances are included in the final budget and actual expenditure amounts in those statements because they remain in force and do not lapse until the end of the subsequent fiscal year.

Lapsed appropriations are reported as miscellaneous revenue on a budgetary basis. Open encumbrances are treated as reservations of fund balances on a modified accrual (fund) reporting basis.

E. Deposits and Investments

Cash Equivalents

The County considers all demand deposits and investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Investments

The County follows Governmental Accounting Standards Board (GASB) Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, which requires marketable securities to be carried at fair value. The County currently limits its purchases to maturities of one year or less (except those items described in the next paragraph). The County has an internal investment pool that is available for use by all funds.

The investments of the Pension Trust Funds are reported at fair value. The securities of the Pension Trust Funds traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in the Non-major Governmental Funds represent stripped-coupon U.S. Treasury securities stated at fair value in the Agricultural Land Preservation Fund. They are also reported in aggregate as part of U.S. Government Securities in the Equity in Pooled Cash and Cash Equivalents and Investments note.

Also, in accordance with its investment policy, the Pension Trust Funds may invest in collateralized mortgage obligations (CMO) and putable bonds. These investments are reported as part of U.S. Government Agency notes in the Equity in Pooled Cash and Cash Equivalents note.

F. Loans Receivable

For the purposes of the fund financial statements, Special Revenue Fund expenditures relating to housing loans in the Community Renewal Fund are charged to operations upon funding, and the loans are recorded with an offset to a restricted fund balance account. The restricted fund balance account is analyzed to identify new loans added during the year. For purposes of the Government-wide Financial Statements, housing loans are not offset by restricted fund balance accounts.

G. Inventory

Materials and supplies are valued at cost, using the weighted average method. Materials and supplies are recorded as an asset when purchased, and charged to expenditures/expenses when consumed. This is referred to as the consumption method of inventory accounting.

Effective in fiscal year 2010, a change in accounting policy was made. The County changed from valuing its inventory on the first-in/first-out method to the weighted average method.

H. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). They are recorded at historical or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value at the date contributed. Capital assets are defined by Howard County as assets with an initial, individual cost of \$5,000 or greater and an estimated useful life in excess of one year.

Capital assets are depreciated using the straight-line method over the estimated useful lives (in years) which were revised in fiscal year 2009 as follows:

Buildings	50	Computer software	5
Infrastructure	15-40	Vehicles	6
Water and sewer lines	50	Furniture and Equipment	5-20

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized; they are charged to operations when incurred. Betterments and major improvements that significantly increase values, change capacities or extend useful lives are capitalized.

I. Compensated Absences

County employees are granted vacation, personal and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days. Classified employees are limited to an accrual of forty days and executive exempt employees have no leave accrual limit. Employees who terminate employment are not reimbursed for accumulated sick leave. Payments made to terminated employees for accumulated vacation leave are charged as expenditures/expenses, primarily in the General Fund, Special Revenue Funds, and Proprietary Funds, when paid. Accumulated vacation benefits at year-end are recorded as obligations in the Statement of Net Assets and Proprietary Fund Statements.

J. Self-Insurance

The County establishes its funding of claims liabilities as they occur. This funding level includes provisions for indemnity, medical losses, and allocated loss adjustment expenses which are all classified as incremental claim adjustment expenses. Unpaid claims in the self-insurance funds include liabilities for unpaid claims based upon individual case estimates for claims reported at June 30, 2010. The unpaid claims also include liabilities for incurred but not reported (IBNR) claims as of June 30, 2010.

K. Water and Sewer Assessments

Water and sewer assessments are charged to property owners on a 30-year basis to recover the debt service on bonds used to construct main and lateral water and sewer lines which benefit such properties. A water and sewer assessments receivable is established for the entire uncollected assessed amount. The portion of the receivable relating to bond principal is credited to net assets and the portion representing interest is initially recorded as a deferred liability and then recognized as revenue when billed.

From 1980 to 2004 the deferred liability grew as the water and sewer system was being built. The liability is now declining and will continue to do so as debt is retired and there are minimal new assessments. The Water and Sewer Ad valorem charge (billed annually to all property within the Metropolitan District) is sufficient to fund the debt service related to the cost of infrastructure replacement and repair.

L. Reconciliation Between GAAP and Budgetary Basis

The General and Special Revenue Funds of the primary government have legally adopted annual budgets. The "Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis" – General Fund and Agricultural Land Preservation Fund are prepared on a basis consistent with their budgets. The "Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis" for Non-major Special Revenue Funds are prepared on a basis consistent with those budgets. The budgets are prepared using encumbrance accounting wherein encumbrances are treated as an expenditure of the current period. Also, the budgets include appropriations of prior year fund balances as other sources in the current year and account for payroll expenditures on a cash basis. The "Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds" is prepared on a basis consistent with GAAP where encumbrances are treated only as a reservation of fund balance, prior year fund balances are not included as other sources, and payroll expenditures, including compensated absences, are recorded on a modified accrual basis. The overall general fund final budget did not change from the original. However, several programs within the general fund were modified during the year by resolution. Appropriations were transferred from the General Fund contingency to cover unanticipated expenditures for snow removal.

Several appropriations were transferred from the Grant Contingency Fund to various departments for new grants that were awarded by other governments.

The financial statements are reconciled as follows:

	<u>General Fund</u>	<u>Agricultural Land Pres. Fund</u>
Budgetary basis - revenues and other sources over expenditures and other uses	\$ 7,078,909	4,781,634
Adjustments:		
Appropriation of prior year fund balances	(14,197,182)	-
Current year encumbrances outstanding	2,389,778	1,382
Prior year encumbrances expended this year	(4,742,155)	
Prior year encumbrances lapsed during the current fiscal year	(117,931)	-
Effect of recording payroll expenditure - modified accrual basis	(395,892)	(677)
Other	(42,398)	-
GAAP basis - net change in fund balances	\$ (10,026,871)	4,782,339

The ending fund balances are reconciled as follows:

	<u>General Fund</u>	<u>Agricultural Land Pres. Fund</u>
Budgetary basis, June 30, 2010	\$ 74,811,606	72,653,206
Adjustments:		
Current year encumbrances outstanding	2,389,778	1,382
Prior years encumbrances outstanding	4,376,662	-
Payroll expenditures recorded on a modified accrual basis	(9,313,832)	(8,816)
Other	(491,865)	-
GAAP basis, June 30, 2010	\$ 71,772,349	\$ 72,645,772

M. Budget Stabilization Account

The County has established a budget stabilization account (also known as the “rainy day fund”) to provide funding in emergency situations or in cases of revenue shortfalls. The County Charter sets a goal of maintaining the account at 7 percent of audited General Fund expenditures for the most recently completed fiscal year at the time the budget is prepared. When the fiscal year 2010 budget was prepared, the fiscal year 2008 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2008 audited expenditures. A contribution of \$5,977,377 was made to the fund in fiscal year 2010, which resulted in achieving the charter target of \$54,681,366. A designation of fund balance has been made in the General Fund in the amount of \$1,577,546 to meet the charter target for fiscal years 2011 and 2012.

The budget stabilization account is calculated as follows:

Budget Fiscal Year	Audited Expenditures from Fiscal Year	Audited Expenditures	Percentage	Charter Target
2010	2008	\$ 781,162,373	7%	\$ 54,681,366
2011	2009	\$ 811,480,156	7%	\$ 56,803,611
2012	2010	\$ 803,698,741	7%	\$ 56,258,912

N. Net Assets Restricted by Enabling Legislation

Net assets restricted by enabling legislation represent accumulated net assets attributed to revenue sources, such as taxes and fees, which are restricted for specified purposes by State enabling legislation in the County Code. These amounts, which are included with restricted net assets in the government-wide Statement of Net Assets, are as follows at year-end:

Governmental activities	\$ 163,458,570
Business-type activities	120,266,910
Total	\$ 283,725,480

O. Implementation of New Accounting Principles

The County adopted the provisions of two Governmental Accounting Standards Board Statements:

Statement No. 53, *“Accounting and Financial Reporting for Derivative Instruments”*: This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

Statement No. 58, *“Accounting and Financial Reporting for Chapter 9 Bankruptcies”*: This statement provides accounting and financial reporting guidance for governments that have filed for bankruptcy under Chapter 9 of the United States Bankruptcy Code.

Adoption of these standards has no material impact on the County’s financial statements.

2. Equity in Pooled Cash and Cash Equivalents and Investments

The County’s cash and investments are managed separately from the Pension and Other Post Employment Benefits Trust funds and each will be discussed separately below.

The County’s Cash and Investments

The County maintains a cash and investment pool that is available for use by all funds except the Pension and Other Post Employment Benefits trust funds. Each County fund is allocated interest income based on their share of the investment pool. Except as otherwise legislated, interest income earned by Governmental and Internal Service Funds is transferred to the General Fund.

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The County’s investment policy requires at least 102% collateralization of deposits. None of the component units have a policy covering deposits. The carrying amount of total deposits, including certificates of deposit, for the County was \$3,483,649 and the bank balance was \$7,509,444 at June 30, 2010. The bank balance was covered by federal depository insurance or by collateral held by the County’s agent in the County’s name. The component units had a combined bank balance of \$24,939,850. Of that amount, \$1,472,045 was covered by federal depository insurance or by collateral held in the component unit’s name; \$23,421,104 was covered by collateral held in the pledging bank’s trust department or by the pledging bank’s agent in the component unit’s name; and \$46,701 was uninsured and uncollateralized.

Investments: The County has adopted an investment policy that is designed to provide maximum safety and liquidity of funds while providing a reasonable rate of return. Permissible investments include U.S. Treasury Obligations, U.S. Government Agency and U.S. Government-Sponsored enterprises, repurchase agreements, collateralized certificates of deposit, bankers’ acceptances, commercial paper, the Maryland Local Government Investment Pool, and mutual funds dealing in government securities. The County’s policy and State law require that the underlying collateral for repurchase agreements and certificates of deposit must have a market value at least 102% of the cost plus accrued interest of the investment.

The County’s policy is more restrictive than State law, limiting the percentage of the total portfolio that can be invested in certain investment types. These investment types, and the maximum percentage of the portfolio that can be invested in each are: U.S. Government Agency and U.S. Government-Sponsored enterprises, 90%,

repurchase agreements, 90%, collateralized certificates of deposit, 5%, bankers' acceptances, 30%, and mutual funds, 60%. State law places no limits on these types of investments. Another restriction that is only in the County's policy limits the maximum amount invested through any broker, dealer or other financial institution to 40% of the portfolio. An additional restriction limits investments in commercial paper to 5%, which is more restrictive than State law.

Of the component units, the Howard County Public School System, the Community College and the Library have investment policies, while the Housing Commission does not.

The table below reconciles the County's deposits (\$3,483,649) and investments (\$787,750,452) to the Government-wide Statement of Net Assets and the Statement of Net Assets – Pension and Other Post Employment Benefits Trust Funds and Agency Funds:

Equity in pooled cash and cash equivalents	\$	120,306,399
Restricted equity in pooled cash and cash equivalents		163,487,908
Investments		507,439,794
Total	\$	791,234,101

Investments of the County and its component units as of June 30, 2010:

Investments	Fair value		
	Primary Government	Component Units	Reporting Entity
Repurchase agreements	\$ -	-	-
U.S. Government securities	41,086,840	-	41,086,840
U.S. Government sponsored enterprises	189,878,142	-	189,878,142
Maryland Local Govt. Investment Pool	84,657,626	141,428,538	226,086,164
Money market funds	5,774,890	1,324,481	7,099,371
Mutual funds	-	5,240,991	5,240,991
Equity in properties under home ownership	-	4,983,380	4,983,380
Total	\$ 321,397,498	152,977,390	474,374,888

Interest Rate Risk: The County's investment policy requires that the majority of investments will have a maturity of one year or less, except for U.S. Treasury stripped coupon securities purchased as part of the Agricultural Land Preservation Program (see Note 8). These securities have no coupon and have long-term maturity lengths; therefore, they are very interest rate sensitive. If market interest rates were to rise, the market value of these securities would decline further than a similar coupon-paying Treasury security. Conversely, if market interest rates were to fall, the market value of these securities would rise further than a similar coupon-paying Treasury security. The County plans to hold these securities to their maturity.

At June 30, 2010, the County had \$85,000,000 of callable investments. All of the call dates were within 9 months of final maturity. In calculating weighted average maturity, we made the assumption that all of these investments would be called.

The following is a list of County investments and their weighted average maturities.

Investment Type	Fair Value	Weighted Average Maturity (in years)
U.S. Government securities	\$ 41,086,840	10.87
U.S. Government-Sponsored Enterprises	189,878,142	0.45
Total	\$ 230,964,982	
Portfolio weighted average maturity		2.30

The Maryland Local Government Investment Pool and the money market funds used by the County are operated in accordance with Rule 2a7 of the Investment Company Act of 1940. The County's investments in these pools are not included in the computation of weighted average maturity.

Credit Risk: State law limits investments in bankers' acceptances and commercial paper to the highest short-term debt letter and numerical rating by at least one nationally recognized statistical rating organization. All investments in U.S. Government Sponsored Enterprises are rated AAA by Standard & Poor's. The Maryland Local Government Investment Pool and the money market fund are both rated AAAM by Standard & Poor's.

Concentration of Credit Risk: The County places no limit on the amount the County may invest in any one issuer. More than 5% of the County's investments are in the Federal Home Loan Bank, the Federal Agricultural Mortgage Corporation, Federal Farm Credit Bank, Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation. At June 30, 2010, investments in these U.S. Government Sponsored Enterprises represent 47.40%, 7.90%, 7.90%, 23.65%, and 13.15% respectively, of the County's total investments.

Pension Trust Funds' Cash and Investments

The County's Pension Trust funds, the Howard County Police & Fire Employees Retirement Plan, and the Howard County Retirement Plan (the Plans), share commingled funds that are allocated based on each Plan's percentage of ownership. The Plans have an investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long term total return consistent with the level of risk assumed. To help achieve this return, professional investment managers are employed by the Plans to manage the Plans' assets. The Plans employ State Street Bank as trustee for their assets.

Investments: The Plans' investment policy includes an asset allocation plan for investments. The target allocation is 60% equities and 40% fixed income. The minimum and maximum percentages for equities are 50% and 70%, respectively, and for fixed income are 30% and 50%, respectively.

Investments of the Plans as of June 30, 2010:

Investments	Fair value
Common stocks	\$ 125,740,674
Mutual funds	117,161,512
Money market funds	11,271,060
Fixed income	169,991,995
Real estate	21,546,949
Total	\$ 445,712,190

Interest rate risk: The Plans' investment policy does not place any limits on the investment managers with respect to the duration of their investments. The list on the next page shows Plans' investments and their related weighted-average maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in years)</u>
Corporate bonds	40,803,171	9.27
Government sponsored enterprises	28,177,997	27.97
Municipal securities	3,018,485	22.24
U.S. Treasury	17,483,971	0.98
Total	\$ 89,483,624	
Portfolio weighted average maturity		16.6

Credit Risk: The money market fund used by State Street Bank is unrated, as are the mutual funds used by the Plans. As of June 30, 2010, the Plans' fixed income investments had the following risk characteristics:

<u>Standard & Poor's Rating or Comparable</u>	<u>Fair Value</u>
AAA to A	\$ 54,736,326
BBB to B	29,489,003
CCC to C	197,000
Total	\$ 84,422,329

Custodial Credit Risk: State Street invests in a money market fund on behalf of the Plans. At June 30, 2010, the amount in the money market fund was \$11,271,060 of which \$7,770,222 was committed to the prospective settlement of various securities. This fund is uninsured and uncollateralized. All other investments of the fund are held by State Street Bank as trustee in the Plans' names.

Credit Risk – Currency Forward Contract

One of the Plans' investment objectives is to diversify assets in accordance with the Modern Portfolio Theory (MPT) in order to reduce overall risk. Consistent with this objective, the Plans have participated in a mutual fund that holds 3-month currency forward contracts. This strategy is undertaken to protect the dollar value of underlying international investments. The hedging is restricted to 100% of the underlying asset value and 50% of the total Fund value. As of June 2010, the Plans had no exposure to currency hedging.

Foreign Currency Risk: The Plans' exposure to foreign currency risk derives from its investments in foreign currency or instruments denominated in foreign currency. Investments in such securities are limited to a maximum net currency exposure of 20% at any given time. As of June 30, 2010, the Plans' exposure to foreign currency risk was equal to an immaterial amount.

Other Post Employment Benefits Trust Funds' Cash and Investments

The County's OPEB Trust funds have an investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long term total return consistent with the level of risk assumed. To help achieve this return, professional investment managers are employed by the Plans to manage the Plans' assets. The Trust employs US Bank as custodian for their assets.

Investments: The Plans' investment policy includes an asset allocation plan for investments. The target allocation is 65% equity mutual funds and 35% fixed income mutual funds. The minimum and maximum percentages for equities are 40% and 80%, respectively, and for fixed income are 20% and 60%, respectively.

Investments of the Plans as of June 30, 2010:

Investments	Fair value
Mutual funds	19,928,497
Money market funds	704,419
Total	\$ 20,632,916

Credit Risk: The money market fund used by US Bank is unrated, as are the mutual funds used by the Plans.

3. Receivables

Receivables at year-end of the County's major individual Governmental Funds, Enterprise Funds and Non-major Governmental Funds, and other funds (including Internal Service Funds and Fiduciary Funds) in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Agricultural Land Pres. Fund	General County Capital Proj.	Highway Capital Projects	Enterprise Funds	Nonmajor and Other Funds	Total
Receivables:							
Property taxes	\$ 5,681,490	-	-	-	146,132	724,260	6,551,882
Service billings	-	-	-	-	10,689,343	1,122,498	11,811,841
Water and sewer assessments	-	-	-	-	82,174,483	-	82,174,483
Due from other governments	44,588,393	731,989	146,792	435,254	-	10,583,036	56,485,464
Other	958,609	-	745,739	21,989	317,269	39,922,013	41,965,619
Gross receivables	51,228,492	731,989	892,531	457,243	93,327,227	52,351,807	198,989,289
Less: Allowance for uncollectables	(438,865)	-	-	-	-	-	(438,865)
Total Receivable	\$ 50,789,627	731,989	892,531	457,243	93,327,227	52,351,807	198,550,424

Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Most of the receivables in the Enterprise Funds are liens on real property that will be sold via the annual tax sale process if not paid. Therefore, no allowance is established. At June 30, 2010, the various components of deferred revenue and unearned revenue reported were as follows:

	Unavailable	Unearned
Governmental funds:		
General Fund:		
Due from governmental agencies	\$ 523,000	196,700
Income tax	23,256,589	-
Property tax	2,788,678	-
Escrow	-	861,305
Highway Capital Projects Fund	435,254	1,729
Non-major funds:		
Property tax	429,725	-
Due from governmental agencies	4,614,243	3,920,098
Recreation program fees	-	3,102,511
Total governmental funds	\$ 32,047,489	8,082,343

4. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2010 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Special Revenue Funds - Grants Fund	\$ 4,284,388
	Enterprise Funds - Special Recreation Facility	90,356
Highway Capital Projects	General Capital Projects Fund	28,548,747
	Nonmajor Capital Projects Funds - Public Libraries, Storm Drainage Funds	1,518,232
		<u>\$ 34,441,723</u>

Due to/from other funds:

The balances due to the General and Highway Capital Projects Funds are the result of loans made to cover operating cash deficits.

Transfers:

Interfund transfers for the year ended June 30, 2010 consisted of the following:

Fund	General	Reconciliation of Transfers In and Out			Non-major Special Revenue	Internal Service	Total In
		General	Capital Projects Highway	Non-major			
General	\$ -	8,896,957	2,978,417	4,269,799	1,179,599	46,558	17,371,330
Capital Projects:							
General	2,641,648	-	-	-	-	-	2,641,648
Highway	4,443,625	-	-	-	-	-	4,443,625
Non-major	-	-	-	-	2,245,000	-	2,245,000
Non-major Special Revenue	9,004,011	-	-	-	-	-	9,004,011
Enterprise	587,000	-	-	-	-	-	587,000
Total Out	\$ 16,676,284	8,896,957	2,978,417	4,269,799	3,424,599	46,558	36,292,614

The transfers out from the General Fund are operating funding to a State Agency and the disbursement of pay-as-you-go monies to various capital projects. Transfer tax revenue is dedicated to various functions in the capital projects and non-major special revenue funds. Part of that revenue is then transferred to the General Fund to cover each function's share of debt service costs for the year. There is an additional transfer out of the Internal Service Funds of \$5,650,763, representing a transfer of capital assets to the General Fund, for which there is no corresponding transfer in on the modified accrual basis.

5. Due From Other Governments

The amounts due from other governments are primarily tax and grant revenues due from the Federal and State governments.

6. Property Tax and Transfer Tax

The County's real property tax is levied each July 1 on the assessed values certified as of that date for all taxable real property located in the County. Assessed values are established by the State Department of Assessments and Taxation at 100 percent of estimated market value. The State uses January 1 as the date of finality and processes additions, deletions and corrections throughout the year. A revaluation of all property is required to be completed every three years. County taxes are due and payable, and become a lien on the property, on July 1 of each fiscal year. A discount of ½ percent is allowed if payment is made in July. Property taxes are billed and payable semi-annually on properties designated as "principal residence" unless a taxpayer makes an election to pay annually. The first installment is due by September 30 while the second installment is due by December 31. If delinquent, taxes are charged penalty and interest (1.5 percent) each month that they remain unpaid. If the annual payment election is made, taxes become delinquent October 1 and are charged penalty and interest (1.5 percent) each month that taxes remain unpaid. Tax lien certificates are sold at a public auction in May or June for properties with delinquent taxes. Property taxes levied during the current year are recorded as receivables and revenue, net of estimated uncollectible amounts of personal property tax. The net receivables uncollected 60 days after year-end are recorded as deferred revenues.

The Howard County Code imposes a transfer tax upon every instrument of writing conveying title to real or leasehold property offered for sale or lease and recorded in Howard County. The Code specifies that the proceeds shall be distributed to the School Construction Fund (25 percent), the Recreation and Parks Fund (25 percent), the Agricultural Land Preservation Fund (25 percent), the Community Renewal Fund (12-1/2 percent), and the Fire Service Building and Equipment Fund (12-1/2 percent).

7. Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 431,824,209	11,332,183	-	443,156,392
Construction in progress	193,962,742	77,213,872	9,884,800	261,291,814
Total capital assets, not being depreciated	625,786,951	88,546,055	9,884,800	704,448,206
Capital assets being depreciated:				
Buildings	200,229,492	1,022,787	-	201,252,279
Improvements other than buildings	65,035,908 *	339,269	-	65,375,177
Equipment	113,834,485	16,034,700	11,619,342	118,249,843
Infrastructure	286,381,056 *	8,175,466	407,296	294,149,226
Total capital assets, being depreciated	665,480,941	25,572,222	12,026,638	679,026,525
Less accumulated depreciation for:				
Buildings	60,431,147	3,967,117	-	64,398,264
Improvements other than buildings	33,436,782 *	2,896,116	-	36,332,898
Equipment	64,548,070 *	10,745,672	3,938,897	71,354,845
Infrastructure	125,250,421 *	8,204,430	45,710	133,409,141
Total accumulated depreciation	283,666,420	25,813,335	3,984,607	305,495,148
Total capital assets, being depreciated, net	381,814,521	(241,113)	8,042,031	373,531,377
Governmental activities capital assets, net	\$ 1,007,601,472	88,304,942	17,926,831	1,077,979,583

* Restatements were made amongst the asset classes.

Depreciation expense was charged to functions / programs of governmental activities as follows:

Governmental activities:	Amount
General government	\$ 2,334,482
Public safety	2,915,795
Public facilities	12,109,967
Legislative and judicial	18,860
Community services	808,238
Recreation and parks	1,791,391
Capital assets held by the government's internal service funds are charged to the various functions based on usage of assets	5,834,602
Total depreciation expense - governmental activities	\$ 25,813,335

Capital asset activity for business-type activities for the fiscal year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land and Land Improvements	\$ 10,802,873	-	-	10,802,873
Construction in progress	125,739,407 *	57,578,843	3,867,242	179,451,008
Total capital assets, not being depreciated	136,542,280	57,578,843	3,867,242	190,253,881
Capital assets being depreciated:				
Buildings	129,185,533 *	-	-	129,185,533
Improvements other than buildings	54,527,422 *	1,077,362	-	55,604,784
Infrastructure	465,269,125 *	9,087,405	-	474,356,530
Equipment	3,539,481 *	126,099	-	3,665,580
	652,521,561	10,290,866	-	662,812,427
Less accumulated depreciation for:				
Buildings	50,391,241 *	2,564,591	-	52,955,832
Imp other than Buildings	26,104,230 *	1,975,067	-	28,079,297
Infrastructure	203,000,454 *	8,960,149	-	211,960,603
Equipment	2,260,845 *	183,406	-	2,444,251
	281,756,770	13,683,213	-	295,439,983
Total capital assets, being depreciated, net	370,764,791	(3,392,347)	-	367,372,444
Business-type activities capital assets, net	\$ 507,307,071	54,186,496	3,867,242	557,626,325

* Restatements were made amongst the asset classes.

Depreciation expense was charged to functions / programs of business-type activities as follows:

Business-type activities:	Amount
Water and Sewer system	\$ 13,634,123
Golf course	49,090
Total depreciation expense - business-type activities	\$ 13,683,213

Construction Commitments

Howard County government total encumbrances outstanding as of June 30, 2010 were \$182,998,865.

8. Long-Term Debt

A. Primary Government

A summary of long-term debt outstanding for the primary government at June 30, 2010 is as follows:

	<u>Due Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities:			
Consolidated public improvement bonds	2010-2030	2.00% to 5.55%	\$ 723,305,002
State Water Quality Revolving Loan	2010-2016	2.41%	5,795,000
Total debt subject to statutory limit			729,100,002
Compensated Absences	various	not applicable	20,268,672
Capital Leases	various	not applicable	4,888,717
Net OPEB Obligation	various	not applicable	69,881,083
Landfill closure obligation	various	not applicable	35,002,000
Agricultural Land Preservation Program	2010-2028	6.00% to 8.60%	60,998,200
Total Governmental Activities		(1)	\$ 920,138,674
Business Type Activities:			
Metropolitan district bonds	2010-2038	1.00% to 5.25%	\$ 110,810,000
State water quality revolving loan	2010-2031	1.00% to 4.33%	43,220,040
Special facility revenue bonds	2010-2021	2.00% to 3.800%	6,870,000
Compensated Absences	various	not applicable	774,239
Net OPEB Obligation	various	not applicable	933,934
Major water and sewer agreements	various	not applicable	2,034,984
Total Business Type Activities		(2)	164,643,197
Total Debt			\$1,084,781,871

Note (1): Does not include deferred refunding premium liability of \$48,401,211, economic refunding loss of (\$10,891,714), and unpaid insurance claims of \$6,493,434 shown in the Statement of Net Assets.

Note (2): Does not include deferred refunding premium of \$2,907,776, unamortized discount of (\$5,655), and economic refunding loss of (\$331,782) shown in the Statement of Net Assets. Also, does not include developer agreement rebates of \$299,889, (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County) or deferred water and sewer assessments of \$25,720,636.

The County is subject to State and County law which limits the amount of applicable General County debt (including Consolidated Public Improvement Bonds, State Water Quality Loan, Local Government Insurance Trust, and Maryland State Retirement) outstanding to 4.8 percent of the assessed value of real property and personal property located in the County. At June 30, 2010 the statutory debt limit was \$2,412,151,204 providing a debt margin of \$1,683,051,202. The authorized, unissued General County Bonds, Metropolitan District Bonds, and Water Quality Bonds at June 30, 2010 were \$376,737,385, \$230,039,891, and \$102,611,925 respectively. It is the County's intent to use such unissued bonds to fund future capital projects. There is no overlapping municipal bonded debt in the County and the County is in compliance with its debt agreement provisions.

The changes in long-term debt for the primary government for the year ended June 30, 2010 are as follows:

	Balance			Amounts	
	June 30, 2009	Additions	Retirements	Balance June 30, 2010	Due Within One Year
Consolidated public improvement bonds	\$ 671,880,814	186,870,000	135,445,812	723,305,002	50,565,000
State Water Quality Revolving Loan	7,980,000	-	2,185,000	5,795,000	1,745,000
Compensated absences	19,046,886	2,312,852	1,091,066	20,268,672	1,073,025
Capital Leases	-	4,909,012	20,295	4,888,717	130,173
Landfill closure obligation	34,503,000	499,000	-	35,002,000	-
Agricultural Land Preservation Program	61,240,200	-	242,000	60,998,200	151,000
Total long-term debt	794,650,900	194,590,864	138,984,173	(1) 850,257,591	53,664,198
Metropolitan district bonds	110,889,110	12,775,000	12,854,110	110,810,000	6,590,000
State Water Quality Revolving Loan	46,575,788	402,867	3,758,615	43,220,040	3,867,209
Special facility revenue bonds	7,395,000	-	525,000	6,870,000	540,000
Compensated absences	696,052	145,976	67,789	774,239	20,371
Major water and sewer agreements	2,922,762	-	887,778	2,034,984	-
Total enterprise fund	168,478,712	13,323,843	18,093,292	(2) 163,709,263	11,017,580
Total	\$ 963,129,612	207,914,707	157,077,465	1,013,966,854	64,681,778

Note (1): Does not include deferred refunding premium liability of \$48,401,211, economic refunding loss of (\$10,891,714), unpaid insurance claims of \$6,493,434, and net OPEB obligation of \$69,881,083 shown in the Statement of Net Assets.

Note (2): Does not include deferred refunding premium of \$2,907,776, unamortized discount of (\$5,655), and economic refunding loss of (\$331,782) shown in the Statement of Net Assets. Also, does not include net OPEB obligation of \$933,934, developer agreement rebates of \$299,889, or deferred water and sewer assessments of \$25,720,636.

The full faith and credit and unlimited taxing power of the County are irrevocably pledged to the payment of the principal and interest of General County bonds and other long-term debt. Metropolitan District bonds and their related interest charges are being financed from front foot benefit assessment charges, ad valorem taxes and in-aid-of-construction charges. In the event such revenues and charges are insufficient to finance the debt service, the full faith and credit and unlimited taxing power of the County are irrevocably pledged to the payment of the principal and interest of these bonds.

On December 8, 2009, the County issued \$85,860,000 in **Consolidated Public Improvement Refunding Bonds** with an effective interest rate of 2.851 percent and \$7,255,000 in **Metropolitan District Refunding Bonds** with an effective interest rate of 3.720 percent. The County issued these bonds to refund \$88,030,000 and \$6,755,000 of General Obligation and Metropolitan District Bonds, respectively. The average interest rates on the refunded General Obligation and Metropolitan District Bonds was 4.848 percent, respectively. The savings or aggregate difference in debt service, from refunding Consolidated Public Improvement Project Bonds was \$6,371,280 and from refunding Metropolitan District Project Bonds was \$905,908. The economic gain or net present value of savings, from refunding Consolidated Public Improvement Project Bonds and Metropolitan District Project Bonds, was \$4,393,541 and \$694,187, respectively.

On March 16, 2010, the County issued \$49,015,000 in **Consolidated Public Improvement Project Tax Exempt Bonds** with an effective interest rate of 2.761 percent, \$12,590,000 in **Consolidated Public Improvement Project Taxable Bonds** with an effective interest rate of 2.827 percent, \$5,520,000 in **Metropolitan District Project Bonds** with an effective interest rate of 1.271 percent. The County issued these bonds to pay off \$12,600,000 of the commercial paper bond anticipation notes, Series D (BANs), to provide funding for certain capital projects and to pay bond issuance costs.

On March 16, 2010, the County issued \$39,405,000 in **Consolidated Public Improvement Project Build America Bonds** with an effective interest rate of 3.447 percent net of federal subsidy payments. Under the American recovery and Reinvestment Act of 2009, the County will receive federal subsidy payments from the U.S. Treasury of 35% of the interest payable on the bonds.

Since 1993, the County has participated in the **State Water Quality Revolving Loan Program**. Under this program, the State makes loans to local governments with interest rates that are below the market rate for tax-

exempt financing. As of June 30, 2010, the County has borrowed \$88,385,085, of which \$74,175,085 was borrowed by the Water and Sewer Enterprise Fund to expand the County's water reclamation plant and \$14,210,000 was used to refund Consolidated Public Improvement Bonds. The outstanding balances of these loans are \$43,220,051 and \$5,795,000, respectively.

Industrial revenue bonds issued by the County for the benefit of private businesses in the County are neither debt of nor charges against the general credit or taxing power of the County. These amounts are not included in general long-term debt (see Note 10).

During fiscal year 1995, the County issued **Special Facility Revenue Bonds** in the amount of \$10,675,000. On June 1, 2003, the County refunded the balance of the **Special Facility Revenue Bonds**, which was \$9,220,000, and issued **Golf Course Refunding Bonds** in the amount of \$9,880,000. The original bonds were issued for the purpose of constructing a public golf course with related facilities. Income derived from the golf course facility is pledged to pay debt service on these bonds and to establish a debt service reserve fund equal to the greatest amount of debt service payable in a fiscal year. The balance in the debt service reserve fund at June 30, 2010 is \$763,423. If a deficiency exists in the debt service reserve fund securing these bonds, the County is obligated to restore the amount in the debt service reserve fund to the maximum annual debt service on these bonds not later than 30 days after the beginning of the first fiscal year beginning after such deficiency is determined, until these bonds have been paid in full. These bonds do not constitute a pledge of the County's full faith and credit or taxing power, but the County's covenant to restore the amount in the debt service reserve fund is a general contractual obligation of the County.

Under its **Agricultural Land Preservation Program**, the County acquires development rights on a parcel of agricultural property by entering into an installment purchase agreement with the property owner. Under the terms of the agreement, the County pays the property owner semiannual interest payments for 30 years and minimal portions of the installment purchase price for 29 years. The remaining amount of the purchase price is paid at the end of 30 years with a balloon payment. Upon execution of an agreement, the County purchases stripped-coupon U.S. Treasury obligations in amounts sufficient to equal the balloon payment in 30 years (See Note 2). The County acquires the development rights to the land in perpetuity.

In prior years, the County defeased certain Consolidated Public Improvement and Metropolitan District bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included as long-term obligations of the County or Enterprise Fund. At June 30, 2010, \$140,380,000 of Consolidated Public Improvement Bonds and \$7,900,000 of Metropolitan District Bonds are considered defeased.

A summary of debt service requirements to maturity, including principal and interest, for certain long-term debt as of June 30, 2010 is as follows:

Debt service requirements of governmental activities:

Year ending June 30:	General County Bonds		Agricultural Land Program	
	Principal	Interest	Principal	Interest
2011	\$ 52,310,000	31,969,575	151,000	4,603,863
2012	52,835,000	30,295,545	242,000	4,591,498
2013	51,435,000	28,236,658	151,000	4,573,444
2014	48,920,000	26,003,164	242,000	4,561,079
2015	46,215,000	23,729,584	151,000	4,543,025
2016-2020	204,485,000	87,396,099	23,516,200	20,740,176
2021-2025	183,525,000	44,491,217	28,561,000	7,175,885
2026-2030	89,375,002	10,213,331	7,984,000	979,531
	<u>\$ 729,100,002</u>	<u>282,335,173</u>	<u>60,998,200</u>	<u>51,768,501</u>

Debt service requirements of business-type activities:

Year ending June 30:	Metro District Bonds		Water Quality		Special Facility Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 6,590,000	4,496,499	3,867,209	1,267,313	540,000	219,822
2012	6,685,000	4,256,406	4,138,266	1,164,102	555,000	204,747
2013	6,320,000	4,024,247	4,229,173	1,080,454	575,000	187,797
2014	6,605,000	3,784,417	3,017,153	871,677	590,000	170,322
2015	6,775,000	3,504,142	3,087,934	800,897	605,000	152,019
2016-2020	29,050,000	13,682,874	15,719,405	2,912,438	3,360,000	434,162
2021-2025	21,990,000	8,337,370	8,914,980	864,168	645,000	12,255
2026-2030	18,205,000	3,924,863	245,920	27,310	-	-
2031-2035	6,820,000	1,157,046	-	-	-	-
2036-2038	1,770,000	134,598	-	-	-	-
	<u>\$ 110,810,000</u>	<u>47,302,462</u>	<u>43,220,040</u>	<u>8,988,359</u>	<u>6,870,000</u>	<u>1,381,124</u>

B. Component Units

The changes in long-term obligations for the component units for the year ended June 30, 2010 are as follows:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>
Public School System:				
Capital leases and compensated absences	\$ 24,997,169	89,273	5,981,054	19,105,388
Community College:				
Loans and compensated absences	12,232,026	119,565	722,949	11,628,642
Library:				
Compensated absences	849,526	38,545	-	888,071
Housing:				
Loans and compensated absences	51,956,949	33,971,764	32,101,278	53,827,435
Total	<u>\$ 90,035,670</u>	<u>34,219,147</u>	<u>38,805,281</u>	<u>85,449,536</u>

9. Short-Term Debt

The changes in short-term debt for the primary government for the year ended June 30, 2010 are as follows:

<u>Type</u>	<u>Balance July 1, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2010</u>
Bond Anticipation Note	\$ 12,600,000	-	12,600,000	-

10. Conduit Debt

From time to time, the County has issued Industrial Revenue Bonds, Economic Revenue Development Bonds, and Multi-family Rental Housing Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2010, there were 58 series of conduit debt outstanding. The aggregate principal amount payable for the 15 series issued after July 1, 1996 was \$122,512,899. The aggregate principal amount payable for the 43 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled \$183,259,329.

11. Lease Obligations

Operating Leases – Primary Government

The County is committed under various long-term operating lease agreements for office space as lessee. Lease expenditures for the year ended June 30, 2010 amounted to \$4,239,810. Future lease payments including any agreed upon percentage increases are as follows:

Fiscal Year	
2011	\$ 5,706,024
2012	1,727,451
2013	478,203
2014	458,203
2015	458,203
2016-2018	452,852

The County also leases County-owned tower space under various long-term operating lease agreements as lessor. Lease revenues for the year ended June 30, 2010 amounted to \$848,884. Future lease revenues are as follows:

Fiscal Year	
2011	\$ 1,068,730
2012	1,005,920
2013	1,003,019
2014	937,385
2015	965,823
2016-2018	2,780,889

Capital Leases

The County entered into two lease agreements as lessee with Grant Capital Management for financing the acquisition of equipment for the energy performance contract. These lease agreements qualify as capital leases for accounting purposes, and must be recorded at the lesser of their fair value or the present value of their future minimum lease payments. Therefore, they have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 are as follows:

<u>Year Ending June 30, 2010</u>	<u>Governmental Activities</u>
2011	\$ 408,362
2012	476,869
2013	491,175
2014	505,908
2015	521,086
2016-2020	2,849,510
2021-2024	1,988,203
Total minimum lease payments	7,241,113
Less: amount representing interest	(2,352,396)
Present value of minimum lease payments	<u>\$ 4,888,717</u>

12. Restricted Assets

Federal and State grants, golf course receivables, water and sewer assessments, user charges, in-aid-of-construction charges, developer contributions, and bond and loan proceeds for purposes of construction of the water and sewer system are restricted. Developer contributions primarily represent water and sewer projects constructed by developers on behalf of the County in connection with the development of privately owned property. The agreements between the developers and the County relating to such projects provide for specific rebates of construction costs to the developer from bond proceeds based upon house connections within a ten-year period. Any amounts not rebated at the end of ten years are recognized as contributed revenue. The cumulative amounts of other nonoperating revenues are available for construction activities and reflected as restricted net assets. Assets and liabilities arising from the construction and operation of the County's publicly owned golf course are restricted in the Special Recreation Facility Fund. Restricted assets also include funds reserved for capital projects, funds that are legally restricted for special purposes such as public housing projects, investments in strip treasuries held to maturity for the final payment on the purchase of land development rights, and funds reserved for payment of zero coupon bonds.

13. Landfill Closure and Post-Closure Care Cost

State and federal laws and regulations require the County to place a final cover cap on closed cells at the currently operating Alpha Ridge Landfill and to perform certain maintenance and monitoring functions at the landfill site for a minimum period of 30 years after closure. The County recognizes a portion of these costs in each operating period based on landfill capacity used as of each balance sheet date. Closure and post-closure care costs are paid after each cell is filled to capacity. The closure cap for a 70-acre inactive landfill cell was completed in 2001. A separate active lined landfill cell is projected to close no earlier than 2050 if current operating conditions continue and will be capped at that time. In addition, the County has constructed closure caps and groundwater treatment systems at two older closed landfills, and the post-closure operating costs are included in the Environmental Services Fund budget. The long-term liability for these older landfills has been removed from long-term debt. Future total closure and post-closure care costs for the Alpha Ridge Landfill as determined through engineering studies will approximate \$41,929,400. Actual cost may differ due to inflation or future design changes. The County ceased using the Alpha Ridge Landfill as its primary disposal site as of March 1997 and, thus, it is not expected to use the landfill to its full capacity in the

foreseeable future. The County is exporting waste to a regional landfill in Virginia. The remaining capacity at the landfill will be held for backup or future use. As of June 30, 2010, the County has recognized \$35,002,000 of these costs. This cumulative amount reported to date is based on the use of 70.65 percent of the existing cell and 100 percent of the closed cell. The total current cost of closure and post-closure care to be recognized in future years is \$6,927,400. The County intends to finance these costs through the proceeds of bonds and through its annual operating budget. The General Fund has been used in prior years to liquidate the liability.

14. Retirement Plans

Generally, the majority of employees of the primary government, except certain police and fire officers, participate in the Howard County Retirement Plan ("Retirement Plan") which was established July 1, 1995. As of that date, approximately 73 percent of the County employees participating in the Maryland State Retirement Systems, described below, transferred to the Retirement Plan. Certain police and fire personnel participate in the Howard County Police and Fire Employees' Retirement Plan ("Police and Fire Plan") which was established July 1, 1990. The Retirement Plan and the Police and Fire Plan are single-employer defined benefit public employee retirement plans administered by Howard County, Maryland. The financial statements of the Plans were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The remaining employees of the primary government participate in the State Employees Retirement System ("Retirement System") established October 1, 1941, and the State Employees Pension System ("Pension System") established January 1, 1980. These cost-sharing multiple-employer defined benefit systems administered by the Maryland State Retirement Systems were established under the provisions of Article 73B of the Annotated Code of Maryland. Responsibility for administration and operation of the systems vests in a 14-member Board of Trustees ("Trustees"). The Retirement Plan and the Police and Fire Plan were established and operate under the provisions of the Howard County Code, Sections 1.400, 1.401 to 1.478, and 1.401A to 1.478A. Substantially all of the County's full-time benefited and part-time benefited employees are eligible to participate in the Retirement Plan, except for certain exceptions provided for in Howard County Code Section 1.406. Responsibility for administration and operation of the Retirement Plan and the Police and Fire Plan vests in 7-member Retirement Committees ("Committees"). The Committees and the Trustees have authority to establish and amend the respective benefit and contribution provisions. All full-time and permanent part-time employees of the County must be members of one of the plans. Police and fire officers hired on or after July 1, 1990 must enroll in the Police and Fire Plan. All other employees hired after July 1, 1995 must enroll in the Retirement Plan.

The payroll for employees covered by the Retirement Plan for the year ended June 30, 2010 was \$84,801,991. The payroll for police and fire employees covered by the Police and Fire Plan for the year ended June 30, 2010 was \$53,945,476. The payroll for employees covered by the State Retirement System and State Pension System for the year ended June 30, 2010 was \$2,297,548 and \$5,215,986 respectively. The County's total payroll was approximately \$172,035,497. Both the Retirement Plan and the Police and Fire Plan issue separate audited financial reports which may be obtained by writing to: Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043, or by contacting the County via e-mail at staghavi@howardcountymd.gov.

The Retirement Plan and the Police and Fire Plan provide retirement benefits as well as death and disability benefits and cost-of-living adjustments. Under the conditions of the Retirement Plan, participants attaining the age of 62 who have completed two years of eligibility service and the sum of attained age in whole years and years of eligibility service equal at least 67 or participants who have completed 30 years eligibility service, are entitled to a normal retirement benefit. After July 1, 2005, normal retirement is also defined as 20 years of service for participating Corrections employees. For non-Corrections participants, the benefit is 1.55% of the participants average compensation times the participant's creditable service. The Plan permits early retirement for participants who attain the age of 55 and have completed 15 years of eligibility service. The benefit is reduced ½ percent for each month the early retirement date precedes the participant attaining age 62. For participants who reach a termination after August 31, 2002, early retirement is also provided to participants who achieve 25 years of eligibility service. This benefit is reduced by ½ percent each month the benefit commencement date precedes 30 years of eligibility service, or ½ percent for each month the retiree's age precedes age 62, if less. Participating Corrections employees who retire on or after July 1, 2005 are entitled to receive a normal retirement benefit of 2.5 percent of average compensation multiplied by years of creditable service (up to 20 years) plus 1 percent of average compensation multiplied by service greater than

20 years but less than 30 years (excluding sick leave, which is always credited at 1 percent of average compensation). Prior to July 1, 2005, other rules applied. The benefit was 2.0 percent of average compensation multiplied by post-1997 creditable service. The benefit for pre-1998 creditable service is 1.55 percent or 2 percent, depending on phase-in rules. Participants become vested after 5 years of eligibility service and are entitled to a benefit beginning at age 62. If an employee leaves employment or dies before 5 years of eligibility service, prior to July 1, 2006, accumulated employee contributions plus 5 percent interest are refunded to the employee or the designated beneficiary. If an employee leaves employment or dies before 5 years of eligibility service after July 1, 2006, accumulated employee contributions plus 2 percent interest are refunded to the employee or designated beneficiary. A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty. Participant contributions are 8.5 percent of base pay for participating Corrections participants with less than 20 years of creditable service, 0 percent for Corrections participants with greater than 20 years of creditable service, and 2 percent of base pay for other participants. The County funds the remainder of the cost of its employees' participation in the Retirement Plan.

All of the County's full-time career police and fire officers are eligible to participate in the Police and Fire Plan. Effective January 1, 2003, employees attaining the age of 62 who have completed 5 years of eligibility service and employees who have completed 20 years of eligibility service are entitled to a normal retirement benefit. The amount will vary, based on the number of years of creditable service, from 50 percent (with 20 years of service) to 80 percent (with 30 years of service) of average compensation for police; and from 50 percent (with 20 years of service) to 70 percent (with 30 years of service) of average compensation for fire fighters. Participants become vested after 5 years of eligibility service and are entitled to a benefit beginning at age 62. Terminated vested employees with less than 20 years of service will receive 2.5 percent of average compensation times the number of years of creditable service at age 62. If an employee leaves employment or dies before 5 years of eligibility service, prior to July 1, 2006, accumulated employee contributions plus 5 percent interest are refunded to the employee or the designated beneficiary. If an employee leaves employment or dies before 5 years of eligibility service after July 1, 2006, accumulated employee contributions plus 2 percent interest are refunded to the employee or designated beneficiary. A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty. Participant contributions are 11.6 percent of pay for participating Police Department Employees and 7.7 percent of pay for participating Fire Department Employees. The County funds the remainder of the cost of its employees' participation in the Police and Fire Plan.

Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses, benefits, and refunds are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

The Retirement Plan and the Police and Fire Plan's funding policies provide for periodic employer contributions at actuarially determined rates that, expressed as percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. During the year ended June 30, 2010 contributions to each plan were made in excess of actuarially determined contribution requirements determined through an actuarial valuation performed at July 1, 2009. This increase in contribution was necessary in order to spread significant increases recommended by the actuary for the coming years. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the accrued actuarial liability.

Actuarial assumptions are as follows:

	Howard County Retirement Plan	Police and Fire Retirement Plan
Contribution rates:		
County	11.3%	26.9%
Plan members	2.0-8.5%	7.7-11.6%
Annual Required Contribution (thousands)	\$9,585	\$14,106
Contributions made (thousands)	\$9,758	\$14,881
Actuarial valuation date	7/1/09	7/1/09
Actuarial methods and significant assumptions:		
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of pay, increases 3.0% compounded annually	Level percentage of pay, increases 3.0% compounded annually
Remaining amortization period**	15-30 years, except actuarial gains and losses which are amortized over 15 years	13-24 years, except actuarial gains and losses which are amortized over 15 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Investment rate of return	8% compounded annually, gross of investment expenses	8% compounded annually, gross of investment expenses
Projected salary increases*	4.0-7.0%	4.0-8.5%
Cost-of-living adjustments	3%, compounded annually	2%, compounded annually

* Includes inflation at 3%

** Closed amortization period

Required six year trend information for the Retirement Plan and the Police and Fire Plan is as follows:

	<u>Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
	<u>Ending</u>	<u>Pension Cost</u>	<u>of ARC</u>	<u>Pension</u>
		<u>(000)</u>	<u>Contributed</u>	<u>Obligation</u>
Retirement Plan	6/30/05	7,163	100	0
	6/30/06	9,253	100	0
	6/30/07	9,695	100	0
	6/30/08	10,022	100	0
	6/30/09	9,745	100	0
	6/30/10	9,758	102	0
Police and Fire Plan	6/30/05	9,401	100	0
	6/30/06	12,217	100	0
	6/30/07	13,549	100	0
	6/30/08	14,717	100	0
	6/30/09	14,426	100	0
	6/30/10	14,881	105	0

The funded status of both plans as of the most recent valuation date is presented below (dollar amounts in millions).

Schedule of Funding Progress - Howard County Retirement Plan

Actuarial Valuation Date of July 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
2009	\$ 228.1	\$ 245.2	93.0%	\$ 17.1	\$ 85.2	20.1%

Schedule of Funding Progress - Howard County Fire and Police Employees' Retirement Plan

Actuarial Valuation Date of July 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
2009	\$ 253.6	\$ 322.5	78.6%	\$ 68.9	\$ 52.2	132.1%

The multiyear schedule of funding progress for both plans can be found in the required supplementary information section (RSI) and presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing overtime relative to the AALs for benefits.

The Plan's investments are reported at fair market value. Short-term investments consisting of money market funds are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is approximated by the net asset value of the Plan's share of ownership of the co-mingled real estate investment funds. Fair value of other securities is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities.

Generally, all employees of the component units participate in The State of Maryland Employees' Retirement and Pension Systems ("Employees' Retirement and Pension Systems") and the Teachers' Retirement and Pension Systems ("Teachers' Retirement and Pension Systems"). The component units' employer contributions to the Employees' Retirement and Pension Systems were \$3,799,270, \$3,466,173, and \$3,694,713 for the years ended June 30, 2010, 2009, and 2008 respectively. Contributions to the Teachers' Retirement and Pension Systems are made directly by the State of Maryland according to State statute on behalf of the component units and amounted to \$55,529,077, \$44,755,291, and \$41,099,879 in 2010, 2009, and 2008, respectively.

The State Retirement Agency issues a publicly available Comprehensive Annual Financial Report that includes the Systems' financial statements and required supplementary information. That report may be obtained by writing to the State Retirement and Pension System of Maryland, State Retirement Agency, 120 East Baltimore Street, 14th Floor, Baltimore, Maryland 21202-6700 or by calling (800) 492-5909.

15. Other Post-Employment Benefits

In the financial statements for the fiscal year ending 2008, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 43, Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans and GASB 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.

Plan Description

The County's OPEB plan is a Cost-Sharing Multiple Employer Defined Benefit Healthcare Plan. Per Section 1.406B of Howard County Bill No. 14-2008, the County established an irrevocable trust for administering the plan assets and paying healthcare costs on behalf of the participants. The Plan includes the County (consisting of the County government, Howard County Library, Mental Health Authority, and Economic Development Authority), and its component units, Howard County Community College and Howard County Public School System.

The County provides a post-employment health insurance program in addition to the pension benefits described in Note 14. These post-employment benefits are subject to change at any time. All employees who retire from the County may participate in the program. In order to be eligible, the retiree must have a minimum of ten years of County service, and immediately preceding retirement, been enrolled in a medical, vision or prescription drug insurance plan offered to active employees of the County. The County will pay a percentage of the retiree's health insurance premium based upon these criteria. This percentage varies with the number of years of service attained by the employee. Other retirees who do not meet the eligibility criteria are permitted to participate in the retirees' health insurance program by paying the full premium at the group rate.

The component units provide medical benefits to eligible employees who retire from employment with the entity. The eligibility requirements vary among different entities. Each entity pays a percentage of the health insurance premium based on certain criteria. In addition to medical benefits, the school system offers life insurance benefits to the eligible retirees who must have provided ten years of service with the school system and have retired at the Howard County Public School System.

As of 12/1/2008 for Board of Education, 2/1/2009 for General Government, and 3/1/2009 for College, 9,413 employees of the County and its component units met the eligibility requirements set by each entity. Separate financial statements for the OPEB Plan are not available.

Basis of Accounting

The Plan's financial information is prepared based on the accrual accounting. Expenditures are recognized on the accrual basis as retirees' insurance costs are incurred. For FY 2010, the Plan's insurance costs are \$13.6 million; \$5.5 million is paid by the retirees and the balance that is paid by the County and its component units through the County's self insurance fund (internal service fund) is reimbursed by the trust.

Funding Policies and Funded Progress

The Plan's funding policy provides for the County to contribute to the trust the actuarially determined annual required contribution (ARC). In FY 2010, the County made no contributions to the trust. The County's eight year phase-in funding policy has been deferred due to the extraordinary economic downturn. Fiscal Year 2010 includes funding for pay-as-you go OPEB costs only. Effective July 1, 2009 (for the County and Library) and July 1, 2010 (Public Schools) the benefit has been reduced. Those reductions are estimated to reduce the ARC by \$10.7 million. The County expects to return to its eight year phase in of the ARC in Fiscal Year 2012.

The required contribution amount and OPEB expense per the most recent actuarial valuation report with valuation date of 12/1/2008 for Board of Education, 2/1/2009 for General Government, and 3/1/2009 for College are presented on the next page:

Actuarial Assumptions

The actuarial methods and significant assumptions used by the actuary are summarized in this note to conform to the disclosure requirements for GASB statements 43 and 45.

Actuarial valuation date	12/1/08 for Board of Ed, 2/1/09 for General Government and 3/1/09 for College
Actuarial cost method	Projected Unit Credit
Amortization method	28 years using level percentage of pay
Asset valuation method	Fair Value
Actuarial trend assumption:	Medical and prescription drug trend rate applied to FY 2010 is 8.00%. This rate decreases by .5% for FY 2011, then decreases by 1.70% in FY 2012. The ultimate rate is 4.20%.
	Dental trend to be applied is 5.00% for all years.
Interest assumption	Discount rate of 4.00%
Salary increases	3.00%

Summary financial information for the Other Post-Employment Benefits Trust is presented below and on the next page.

Statement of Net Assets

Assets

Receivables:

Interest and dividends	\$ 120
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Investments, at fair value:

Cash	7,848
Mutual funds	19,928,497
Money market funds	704,419

Total assets	\$ 20,640,884
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Liabilities

Accounts payable

Other	820,785
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Total liabilities	820,785
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Net assets held in trust for other post employment benefits	\$ 19,820,099
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Statement of Changes in Net Assets

Additions

Contributions:

Employer	\$ 8,109,983
Total contributions	8,109,983

Investment income:

Net change in fair value of investments	(410,089)
Interest	22,309
Dividends	338,055
Investment expense	(16,300)
Net investment (loss) income	(66,025)
Total additions	8,043,958

Deductions

Benefits	8,470,904
Administrative expenses	26,472
Total deductions	8,497,376
Change in net assets	(453,418)
Net assets - beginning of year	20,273,517
Net assets - end of year	\$ 19,820,099

16. Deferred Compensation Plan

Deferred compensation plans are available to all county employees. The plans were established in accordance with Internal Revenue Code Section 457. A deferred compensation plan offers employees an opportunity to defer a portion of their salary along with the related Federal and State income tax, until future years. The deferred compensation funds are not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of this plan were transferred to custodial accounts and the County no longer reports those assets and liabilities in the Agency Funds of the County.

17. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The reporting entity, excluding the Howard County Public School System, has established two internal service funds to account for and finance its uninsured risks of loss. The reporting entity's risk financing techniques include a combination of risk retention through self-insurance and risk transfer using a risk pool. The Employee Benefits Fund provides full coverage for employee benefits and long-term disability claims. The Risk Management Fund provides coverage up to a maximum of \$1,000,000 for each automobile liability claim, \$1,000,000 for each general liability claim, \$100,000 for each property damage claim, and unlimited on each workers' compensation claim.

The reporting entity belongs to the Maryland Local Government Insurance Trust ("LGIT"), which provides insurance for claims in excess of coverage provided by the reporting entity's Risk Management Fund. The County pays an annual premium to LGIT for this coverage. The reporting entity participates in LGIT in the areas of excess property, general and automobile liability coverages. LGIT consists of various counties and local municipalities. LGIT was created to provide broader insurance coverages than those available from commercial insurers, coverages which would otherwise be unavailable, and loss control and risk management services. Settled claims have not exceeded this coverage in any of the past five fiscal years.

All funds and component units of the reporting entity, excluding the Howard County Public School System, participate in the risk management program and make payments to the Internal Service Funds based on a

combination of actuarial estimates and historical cost information. These amounts are needed to pay prior and current year claims and to establish a reserve for future claims and/or catastrophic losses. The Howard County Public School System has its own risk management program.

As of June 30, 2010, the combined net assets for the two Internal Service Funds are \$9,614,755 and are reported as reserved for insurance claims in the Internal Service Funds. The combined claims liability of the two funds, \$11,858,574 is based on generally accepted accounting principles which require that a liability for claims be reported if information prior to the issuance of the Financial Statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The changes in the combined self-insurance funds unpaid claims liability in fiscal 2009 and 2010 are presented in the schedule below.

	Current Year Claims and			Expected Amount	
	<u>Beginning of Year</u>	<u>Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year</u>	<u>Due Within One Year</u>
2010	\$ 11,487,988	38,051,541	(37,680,955)	11,858,574	5,365,140
2009	\$ 9,972,713	39,784,845	(38,269,570)	11,487,988	-

The current portion is included under accounts payable and other current liabilities and the non-current portion is included under Noncurrent liabilities – due in more than one year on the Government Wide Statement of Net Assets.

18. Prior Period Adjustment and Individual Fund Disclosure

The General, Public Libraries, and Storm Drainage Capital Projects Funds will eliminate their deficits of (\$40,543,903), (\$569,195), and (\$1,221,604), respectively, through future bond sales.

The deficit of (\$222,948) in the Risk Management Self Insurance Internal Service Fund will be eliminated via increased funding in FY 2012.

The adjustment to the beginning balance of the Technology and Communication Internal Service Fund is the result of a change in accounting for inventory. Previously, inventory was expensed at the time of purchase.

The adjustments to the beginning balances of the Grant Fund of \$794,218 and Health Department Fund of \$2,753,519 are for correcting prior years' deferred revenues.

19. Commitments and Contingencies

Grants

The County receives grant funds, principally from the U.S. Government, for various County programs. Expenditures from certain of these funds are subject to audit by the grantor, and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the management of the County, no material refunds will be required as a result of expenditures disallowed by the grantors.

Construction

The County had \$887,613,204 authorized but unobligated capital project appropriations at June 30, 2010.

Yard Debris Composting Intergovernmental Agreement

The County participates in a regional yard waste composting program under the terms of a June 1995 Intergovernmental agreement with Baltimore and Anne Arundel Counties, and Maryland Environmental Services ("MES").

Pursuant to the agreement, the County agrees to deliver a minimum of 8,000 tons of yard debris per year for composting to the site located in Howard County. The \$54.28 per ton processing fee covers the County's share of the operating cost. In lieu of delivering the required 8,000 tons of yard debris, the County has an

option under the agreement to pay for its proportionate share of the program's operating costs. The agreement expires in 2015; however, due to the high cost of the Intergovernmental Agreement, it may be terminated earlier.

Composting operations ceased at the composting site due to odor problems. Yard debris is currently delivered to the facility and then exported for composting. The parties modified the inter-governmental agreement to provide for the sale of the property and to use the proceeds of the sale to defease the bonds. The property sale was completed in September 1999. The bonds were defeased in September 2005.

Litigation

The County is a defendant in lawsuits and other claims that occur in the ordinary course of County operations. It is the opinion of the County Solicitor that such lawsuits and claims will not have a material adverse impact on the County's financial condition.



The Timbers at Troy par 72 championship course boasts over 6,650 yards from the back tees and a challenging course rating of 134. The Timbers features a state-of-the-art practice range with bent grass tees, target greens and a chipping area.

Required Supplementary Information



Howard County, Maryland
Required Supplementary Information
Pension Trust Funds
For the Year Ended June 30, 2010

Required supplementary information (unaudited) for the Howard County Retirement Plan for the years ended June 30, 2008, 2009, and 2010 respectively, is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4)	(5) Annual Covered Payroll	(6)
				Unfunded Actuarial Accrued Liability (2)-(1)		Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/07	192,985,856	199,722,676	96.6%	6,736,820	72,454,154	9.3%
7/1/08	217,212,899	225,594,376	96.3%	8,381,477	81,475,327	10.3%
7/1/09	228,132,672	245,225,658	93.0%	17,092,986	85,231,182	20.1%

Required supplementary information (unaudited) for the Howard County Police and Fire Employees' Retirement Plan for the years ended June 30, 2008, 2009, and 2010 respectively, is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4)	(5) Annual Covered Payroll	(6)
				Unfunded Actuarial Accrued Liability (2)-(1)		Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/07	210,784,674	270,497,729	77.9%	59,713,055	43,604,715	136.9%
7/1/08	238,417,336	300,686,389	79.3%	62,269,053	46,863,025	132.9%
7/1/09	253,566,998	322,469,583	78.6%	68,902,585	52,145,928	132.1%

Howard County, Maryland
Required Supplementary Information
Other Post Employment Benefits Funds
For the Year Ended June 30, 2010

Schedule of funding progress (unaudited) for the Howard County Post Employment Benefits Plan for the year ended June 30, 2010 is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/07	-	707,256,000	0.0%	707,256,000	486,385,877	145.4%
7/1/08	14,000,000	687,464,000	2.0%	673,464,000	627,617,736	107.3%

Schedule of employer contribution (unaudited) for the Howard County Post Employment Benefits Plan for the year ended June 30, 2010 is as follows:

Date	ARC	Contribution	Percentage of ARC Contributed	Net OPEB Obligations
6/30/08	73,601,000	21,977,714	30%	51,623,286
6/30/09	65,168,000	14,732,748	23%	50,435,252
6/30/10	78,925,000	8,109,983	10%	70,815,017

Combining and Individual Fund Statements and Schedules

The Combining and Individual fund statements and schedules provide detailed information concerning financial position and results of operations.

- **General Fund**
- **Non-major Governmental Funds**
- **Internal Service Funds**
- **Fiduciary Funds**
- **Capital Assets Used in the Operation of Governmental Funds**
- **Capital Assets Used in the Operation of Enterprise Funds**
- **Long-Term Debt**



General Fund

The General fund is the general operating fund of the County. This fund is used to account for all financial resources except those required to be accounted for in another fund.



Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2010

	Budget Amounts		Revenues	Variance with Final budget Over (Under)
	Original	Final		
Property taxes:				
Real, personal and corporate	\$ 422,100,270	422,100,270	423,679,112	1,578,842
Payment in lieu of taxes	752,839	752,839	1,307,554	554,715
Additions and abatements	-	-	(437,643)	(437,643)
Interest on taxes	750,000	750,000	1,330,459	580,459
Total property taxes	423,603,109	423,603,109	425,879,482	2,276,373
Other local taxes:				
Local income tax surcharge	300,650,000	300,650,000	294,042,539	(6,607,461)
Admission tax	2,000,000	2,000,000	2,234,959	234,959
Recordation	14,000,000	14,000,000	15,267,362	1,267,362
Mobile home	600,000	600,000	577,132	(22,868)
Hotel / motel	3,400,000	3,400,000	2,822,361	(577,639)
Total other local taxes	320,650,000	320,650,000	314,944,353	(5,705,647)
State shared taxes:				
Highway	6,626,944	6,626,944	658,272	(5,968,672)
Corporate	15,000	15,000	131,909	116,909
Total state shared taxes	6,641,944	6,641,944	790,181	(5,851,763)
Revenues from other governments:				
Federal government	111,000	111,000	599,803	488,803
State government	6,330,500	6,330,500	4,559,067	(1,771,433)
Total revenues from other governments	6,441,500	6,441,500	5,158,870	(1,282,630)
Charges for services:				
Sale of maps and publications	60,000	60,000	55,374	(4,626)
Civil marriage	10,000	10,000	8,120	(1,880)
Tax certificates	350,580	350,580	267,594	(82,986)
Other charges for services	71,000	71,000	121,651	50,651
Planning and zoning fees	675,000	675,000	626,106	(48,894)
IRB and MIDFA loan fees	2,000	2,000	-	(2,000)
Rental housing inspection fees	1,486,580	1,486,580	1,617,044	130,464
Extension development agreement fees	28,000	28,000	44,800	16,800
Development - review fees	1,100,000	1,210,000	1,100,743	(109,257)
Development - specifications	10,000	10,000	5,718	(4,282)
Developer - water and sewer overhead	540,000	540,000	494,280	(45,720)
House type revision fees	96,500	96,500	93,242	(3,258)
Master in chancery fees	133,800	133,800	131,037	(2,763)
Police records check	50,000	50,000	46,551	(3,449)
Sheriff fees	336,065	336,065	386,026	49,961
Boarding prisoners	1,391,000	1,391,000	1,493,755	102,755
Weekender inmate fees	35,000	35,000	38,483	3,483
Recreation and parks other	77,000	77,000	24,299	(52,701)
Use of county landfill	10,000	10,000	-	(10,000)
Parking meters	60,000	60,000	50,077	(9,923)
Private road revenue	7,500	7,500	5,576	(1,924)
Other business appl fees	112,000	112,000	-	(112,000)
Food and beverage	60,000	60,000	57,966	(2,034)
CATV franchise fee	3,463,025	3,463,025	4,467,941	1,004,916
Total charges for services	10,165,050	10,275,050	11,136,383	861,333

(Continued)

Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2010

	Budget Amounts		Revenues	Variance with Final Budget
	Original	Final		
Interest on investments	6,521,732	6,521,732	632,654	(5,889,078)
Licenses and permits:				
Beer, wine and liquor	233,500	233,500	262,848	29,348
Traders	451,500	451,500	472,935	21,435
Peddlers and solicitors	12,000	12,000	18,875	6,875
Building	2,440,600	2,440,600	3,080,029	639,429
Electrical	1,022,600	1,022,600	1,042,130	19,530
Plumbing	705,000	705,000	787,525	82,525
Trailer park	7,000	7,000	6,500	(500)
Signs	28,000	28,000	33,175	5,175
Animal license	67,000	67,000	58,846	(8,154)
Marriage license	9,000	9,000	8,145	(855)
Marriage license surcharge	65,000	65,000	66,320	1,320
Other	500	500	1,678	1,178
Total licenses and permits	5,041,700	5,041,700	5,839,006	797,306
Recoveries for interfund services:				
Streetlight districts	65,000	65,000	16,950	(48,050)
Public works operations - utility pro rata	3,677,107	3,677,107	3,677,107	-
Housing and community development	559,551	559,551	559,551	-
Fire and rescue fund	4,153,282	4,153,282	3,666,881	(486,401)
Office of law - self insurance	450,638	450,638	475,715	25,077
Pension plan	172,404	172,404	142,963	(29,441)
Agricultural land preservation fund	599,578	599,578	599,578	-
Public works - W&S capital projects pro rata	400,000	400,000	474,000	74,000
Waste management pro rata	752,321	752,321	761,983	9,662
Public works - water and sewer developer capital projects	450,000	450,000	504,000	54,000
General county capital projects pro rata share	390,000	390,000	579,000	189,000
Total recoveries for interfund services	11,669,881	11,669,881	11,457,728	(212,153)
Fines and forfeitures	3,952,320	3,952,320	2,963,214	(989,106)
Component units return of funding:				
Community college	863,706	863,706	861,084	(2,622)
Public school system	-	-	3,900,000	3,900,000
Total component units	863,706	863,706	4,761,084	3,897,378
Miscellaneous revenues:				
Commissions, rents and concessions	145,000	145,000	117,788	(27,212)
Sale of property and equipment	18,250	18,250	25,803	7,553
Other revenue	1,024,341	3,024,341	1,413,418	(1,610,923)
Total miscellaneous revenue	1,187,591	3,187,591	1,557,009	(1,630,582)
Total revenues	796,738,533	798,848,533	785,119,964	(13,728,569)
Other sources of financial resources:				
Transfers in:				
Interest on investments assigned from various funds	-	-	183,462	183,462
Community renewal program fund	974,467	974,467	973,426	(1,041)
DILP technology debt	492,005	492,005	492,005	-
Technology fee funding	100,000	100,000	-	(100,000)
Excise tax debt	2,997,922	2,997,922	2,913,295	(84,627)
Fire and rescue reserve fund	1,093,293	1,093,293	1,089,124	(4,169)
Public school system debt	6,443,966	6,443,966	6,167,534	(276,432)
Recreation program fund	3,165,132	3,165,132	3,143,296	(21,836)
Capital projects - return of funding	20,000	20,000	2,409,188	2,389,188
Total transfers in	15,286,785	15,286,785	17,371,330	2,084,545
Appropriation from fund balance	14,197,182	14,197,182	14,197,182	-
Total revenues and other sources of financial resources	\$ 826,222,500	828,332,500	816,688,476	(11,644,024)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2010

	Budget Amounts		Expenditures	Encumbrances	Expenditures and	Variance with Final Budget
	Original	Final			Encumbrances	
<u>General Government</u>						
Office of the county executive	\$ 989,669	989,669	953,238	-	953,238	36,431
Office of the county administrator:						
Bureau of staff services:						
Staff services	1,755,282	1,755,260	1,526,515	128,666	1,655,181	100,079
Environmental sustainability	109,273	109,810	107,277	-	107,277	2,533
Office of human rights	593,691	593,691	580,161	-	580,161	13,530
Human rights commission	14,000	14,000	11,409	-	11,409	2,591
County employment services	294,542	294,542	166,787	-	166,787	127,755
Total bureau of staff services	2,766,788	2,767,303	2,392,149	128,666	2,520,815	246,488
Bureau of management services:						
Budget division	717,350	741,234	741,234	-	741,234	-
Human resources	1,558,079	1,558,079	1,396,247	21,733	1,417,980	140,099
Environmental sustainability board	800	800	-	-	-	800
Purchasing division	1,160,005	1,153,343	1,092,663	15,395	1,108,058	45,285
Central services	655,802	655,802	563,461	-	563,461	92,341
Public information	853,538	853,538	801,680	-	801,680	51,858
Total bureau of management services	4,945,574	4,962,796	4,595,285	37,128	4,632,413	330,383
Total office of the county administrator	7,712,362	7,730,099	6,987,434	165,794	7,153,228	576,871
Department of economic development	1,305,462	1,322,661	1,294,866	-	1,294,866	27,795
Total dept of economic development	1,305,462	1,322,661	1,294,866	-	1,294,866	27,795
Department of finance:						
Office of the director	1,403,446	1,364,249	1,333,053	-	1,333,053	31,196
Bureau of accounting	1,429,991	1,469,188	1,343,587	41,735	1,385,322	83,866
Bureau of revenue and customer service	1,445,116	1,488,116	1,303,439	87,354	1,390,793	97,323
Bond issue expense	334,756	231,756	48,447	56,968	105,415	126,341
Utility and miscellaneous billing	557,689	582,689	571,463	-	571,463	11,226
Bureau of payroll / disbursements	923,561	958,561	912,295	6,426	918,721	39,840
Total department of finance	6,094,559	6,094,559	5,512,284	192,483	5,704,767	389,792
Office of law	3,261,085	3,392,011	3,224,811	2,465	3,227,276	164,735
Technology and communication services	881,829	881,829	738,739	34,705	773,444	108,385
General fund contingency	1,500,000	-	-	-	-	-
Total General Government	21,744,966	20,410,828	18,711,372	395,447	19,106,819	1,304,009
<u>Legislative and Judicial</u>						
Legislative:						
County council	1,942,395	2,042,395	1,946,674	1,608	1,948,282	94,113
County auditor	868,233	818,233	627,646	115,024	742,670	75,563
Board of license commissioners	109,014	109,014	94,177	-	94,177	14,837
Zoning board	135,428	135,428	107,361	-	107,361	28,067
Board of appeals	183,449	133,449	68,830	-	68,830	64,619
Total legislative	3,238,519	3,238,519	2,844,688	116,632	2,961,320	277,199

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2010

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
Judicial:						
Circuit court	\$ 2,379,470	2,536,976	2,302,652	-	2,302,652	234,324
Orphans' court	42,772	42,772	42,600	-	42,600	172
Sheriff's department	5,915,603	5,915,603	5,725,520	707	5,726,227	189,376
State attorney's office	6,457,208	6,577,419	6,403,387	6,484	6,409,871	167,548
Total judicial	14,795,053	15,072,770	14,474,159	7,191	14,481,350	591,420
Board of election supervisors	1,319,481	1,319,481	1,073,068	-	1,073,068	246,413
Election expense	749,981	749,981	317,530	52,541	370,071	379,910
Total Legislative and Judicial	20,103,034	20,380,751	18,709,445	176,364	18,885,809	1,494,942
Public Works						
Department of public works:						
Office of the director	4,167,457	4,174,823	3,863,158	40,460	3,903,618	271,205
Total office of the director	4,167,457	4,174,823	3,863,158	40,460	3,903,618	271,205
Bureau of engineering:						
Administrative management division	480,556	480,556	474,621	-	474,621	5,935
Transportation & watershed management	1,078,733	1,094,733	1,085,591	-	1,085,591	9,142
Construction inspection division	2,677,339	2,661,339	2,627,088	-	2,627,088	34,251
Survey and drafting division	771,594	771,594	763,855	-	763,855	7,739
Total bureau of engineering	5,008,222	5,008,222	4,951,155	-	4,951,155	57,067
Bureau of highways:						
Operations	1,103,108	1,164,108	1,125,782	-	1,125,782	38,326
Highway maintenance division	15,271,114	18,118,480	17,577,915	181,755	17,759,670	358,810
Traffic engineering division	1,098,145	1,205,145	985,429	186,062	1,171,491	33,654
Total bureau of highways	17,472,367	20,487,733	19,689,126	367,817	20,056,943	430,790
Bureau of facilities:						
Administration	7,190,339	6,864,523	6,794,779	68,801	6,863,580	943
Building and ground maintenance	6,721,915	6,915,451	6,272,012	643,365	6,915,377	74
Total bureau of facilities	13,912,254	13,779,974	13,066,791	712,166	13,778,957	1,017
Bureau of environmental services:						
Stormwater management	1,414,205	1,317,205	1,169,713	98,912	1,268,625	48,580
Total bureau of environmental services	1,414,205	1,317,205	1,169,713	98,912	1,268,625	48,580
Total department of public works	41,974,505	44,767,957	42,739,943	1,219,355	43,959,298	808,659
Department of inspections, licenses and permits:						
Operations division	1,884,978	1,844,310	1,593,397	50,856	1,644,253	200,057
Inspection and enforcement division	2,775,120	2,813,613	2,727,381	-	2,727,381	86,232
Plan review division	979,201	979,376	976,965	-	976,965	2,411
Licenses and permits division	694,020	696,020	641,827	-	641,827	54,193
Total dept of inspection, license and permits	6,333,319	6,333,319	5,939,570	50,856	5,990,426	342,893

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2010

	Budget Amounts				Expenditures and Encumbrances	Variance with Final Budget (Over) Under
	Original	Final	Expenditures	Encumbrances	Encumbrances	
Department of planning and zoning:						
Office of the director	\$ 1,129,050	1,121,930	986,905	1,012	987,917	134,013
Historic district commission	2,050	2,050	689	-	689	1,361
Planning board	8,900	8,900	3,730	-	3,730	5,170
Division of land development	1,192,267	1,124,492	1,115,753	-	1,115,753	8,739
Baltimore metropolitan council	80,224	80,224	71,474	-	71,474	8,750
Division of research	957,592	957,592	868,122	-	868,122	89,470
Division of transportation planning	494,601	465,668	463,045	980	464,025	1,643
Public transportation board	900	900	652	-	652	248
Public service and zoning administration	675,865	811,640	703,515	-	703,515	108,125
Environmental and community planning	340,270	340,785	334,594	-	334,594	6,191
Development engineering division	1,233,105	1,167,710	1,163,432	-	1,163,432	4,278
Conservation easements program	458,380	462,380	400,648	1,860	402,508	59,872
Total department of planning and zoning	6,573,204	6,544,271	6,112,559	3,852	6,116,411	427,860
Soil conservation district	530,011	640,011	589,535	-	589,535	50,476
Department of Transportation	7,725,877	7,754,810	7,729,377	22,943	7,752,320	2,490
Total Public Works	62,560,368	66,040,368	63,110,984	1,297,006	64,407,990	1,632,378
<u>Public Safety</u>						
Police department:						
Office of the chief	3,808,134	3,808,134	3,755,945	2,030	3,757,975	50,159
Animal matters hearing board	170	170	-	-	-	170
Animal control division	1,431,506	1,431,506	1,174,302	61,879	1,236,181	195,325
Administrative command	1,001,590	851,590	744,192	-	744,192	107,398
Command operations	31,892,222	32,392,222	31,009,030	-	31,009,030	1,383,192
Bureau of criminal investigations	10,919,777	10,819,777	10,022,500	-	10,022,500	797,277
Special operations bureau	7,133,521	7,583,521	5,649,080	251,122	5,900,202	1,683,319
Information and technology bureau	12,816,452	12,666,452	11,470,674	37,851	11,508,525	1,157,927
Human resource bureau	4,659,355	4,109,355	3,345,401	16,013	3,361,414	747,941
Management services bureau	8,200,343	8,200,343	7,143,283	37,388	7,180,671	1,019,672
Investigations and special operations	249,022	249,022	206,252	-	206,252	42,770
Total police department	82,112,092	82,112,092	74,520,659	406,283	74,926,942	7,185,150
Department of corrections	13,312,870	13,312,870	13,242,241	1,972	13,244,213	68,657
Total Public Safety	95,424,962	95,424,962	87,762,900	408,255	88,171,155	7,253,807
<u>Recreation and Parks</u>						
Department of recreation and parks	13,039,053	13,039,053	12,920,204	87,927	13,008,131	30,922
Total Recreation and Parks	13,039,053	13,039,053	12,920,204	87,927	13,008,131	30,922
<u>Community Services</u>						
Department of social services	584,311	584,311	498,183	-	498,183	86,128
Citizen services administration	1,778,602	1,833,602	1,811,327	-	1,811,327	22,275
Commission for women	4,300	4,300	2,444	-	2,444	1,856
Health and wellness	418,922	418,922	418,088	-	418,088	834
Client services	1,956,352	1,956,252	1,940,427	-	1,940,427	15,825
Office of children's services	678,502	623,602	623,576	-	623,576	26
Disability issues commission	1,190	1,190	601	-	601	589
Community development	1,500	1,500	182	-	182	1,318
Consumer affairs division	387,506	387,506	353,143	-	353,143	34,363
Consumer affairs advisory board	500	500	-	-	-	500
Office on aging	2,539,682	2,539,682	2,412,391	-	2,412,391	127,291
Commission on aging	2,850	2,850	2,815	-	2,815	35

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2010

	Budget Amounts				Expenditures and Encumbrances	Variance with Final Budget
	Original	Final	Expenditures	Encumbrances	Encumbrances	
County grants in-aid:						
Adaptive living	\$ 17,000	17,000	17,000	-	17,000	-
Alianza	13,260	13,260	13,260	-	13,260	-
American red cross	10,300	10,300	10,300	-	10,300	-
Association for community services	35,000	35,000	35,000	-	35,000	-
Autism society / the parents place	37,000	37,000	37,000	-	37,000	-
Center african american culture	33,600	33,600	33,600	-	33,600	-
Community action council	655,230	655,230	655,230	-	655,230	-
Congregations concerned for homeless	160,000	160,000	160,000	-	160,000	-
Crisis intervention	1,258,240	1,258,240	1,258,240	-	1,258,240	-
Disabilities job network	29,900	125,702	103,798	-	103,798	21,904
Domestic violence center	455,940	455,940	455,940	-	455,940	-
Economic development grant program	72,000	72,000	72,000	-	72,000	-
Emergency assistance	40,000	40,000	40,000	-	40,000	-
Family and children / family life	123,250	123,250	123,250	-	123,250	-
Family and children's service	90,000	90,000	90,000	-	90,000	-
FIRN (Foreign-born info refer network)	200,040	200,040	200,040	-	200,040	-
Forest conservancy district board	4,800	4,800	4,800	-	4,800	-
HCGH healthy families	38,675	38,675	38,675	-	38,675	-
Healthy howard	500,000	500,000	500,000	-	500,000	-
Historical society	28,800	28,800	28,800	-	28,800	-
Hospice services of howard county	46,750	46,750	46,750	-	46,750	-
Howard County assn for retarded citizens	112,200	112,200	112,200	-	112,200	-
Humanin	16,524	16,524	16,524	-	16,524	-
Humanin step	225,500	225,500	225,500	-	225,500	-
Korean american center	26,520	26,520	26,520	-	26,520	-
Legal aid bureau	87,500	87,500	87,500	-	87,500	-
Local / regional arts grants	442,114	442,114	442,114	-	442,114	-
Maryland food bank	10,000	10,000	5,000	-	5,000	5,000
Maryland's pride inc	162,924	162,924	162,924	-	162,924	-
Meals-on-wheels	23,000	23,000	23,000	-	23,000	-
Metro washington ear	2,000	2,000	2,000	-	2,000	-
National family resiliency center	32,300	32,300	32,300	-	32,300	-
Neighbor ride	26,000	26,000	26,000	-	26,000	-
On our own	36,100	36,100	36,100	-	36,100	-
Special allocation	20,000	20,000	20,000	-	20,000	-
St. John's mentoring	4,675	4,675	4,675	-	4,675	-
St. Stephen's	22,950	22,950	22,950	-	22,950	-
STTAR	232,964	137,162	116,482	-	116,482	20,680
Therapeutic riding center	9,432	9,432	9,432	-	9,432	-
Tourism council	423,732	423,732	423,732	-	423,732	-
Voices for children	15,400	15,400	15,400	-	15,400	-
Winter growth	36,500	36,500	36,500	-	36,500	-
YMCA	6,000	6,000	6,000	-	6,000	-
Total grants	5,824,120	5,824,120	5,776,536	-	5,776,536	47,584
Mental health authority	330,000	330,000	330,000	-	330,000	-
Cooperative extension services	416,464	416,464	391,227	-	391,227	25,237
Total Community Services	14,910,681	14,924,801	14,560,940	-	14,560,940	363,861

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2010

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final			Encumbrances	
<u>Education:</u>						
Board of education	\$ 457,560,424	457,560,424	457,560,424	-	457,560,424	-
Community college	25,195,470	25,195,470	25,195,470	-	25,195,470	-
Library	15,253,354	15,253,354	15,229,779	-	15,229,779	23,575
Total Education	498,009,248	498,009,248	497,985,673	-	497,985,673	23,575
<u>Debt Service</u>						
Principal:						
Police	503,877	503,877	503,876	-	503,876	1
Schools	22,188,631	22,188,631	22,188,631	-	22,188,631	-
Community college	2,404,526	2,404,526	2,404,525	-	2,404,525	1
Fire	631,846	631,846	631,846	-	631,846	-
General county projects	14,729,271	14,729,271	14,729,270	-	14,729,270	1
Recreation and parks	2,386,647	2,386,647	2,386,647	-	2,386,647	-
Community renewal	753,074	753,074	753,074	-	753,074	-
Storm drainage	779,828	779,828	779,827	-	779,827	1
Excise bonds	1,758,369	1,758,369	1,758,369	-	1,758,369	-
DILP technology	458,000	458,000	458,000	-	458,000	-
School surcharge	3,007,935	3,007,935	3,007,935	-	3,007,935	-
College bonds	348,001	348,001	348,000	-	348,000	1
Total principal	49,950,005	49,950,005	49,950,000		49,950,000	5
Interest:						
Police	310,940	310,940	303,398	-	303,398	7,542
Schools	13,283,209	13,283,209	12,815,818	-	12,815,818	467,391
Community college	1,961,276	1,961,276	1,852,186	-	1,852,186	109,090
Fire	461,447	461,447	457,278	-	457,278	4,169
General county	7,233,891	7,233,891	6,921,541	-	6,921,541	312,350
Recreation and parks	778,485	778,485	756,649	-	756,649	21,836
Community renewal	221,393	221,393	220,352	-	220,352	1,041
Storm drainage	530,979	530,979	505,662	-	505,662	25,317
Excise bonds	1,239,553	1,239,553	1,154,926	-	1,154,926	84,627
DILP Technology	34,005	34,005	34,005	-	34,005	-
School surcharge	3,436,031	3,436,031	3,159,599	-	3,159,599	276,432
College bonds	473,069	473,069	436,799	-	436,799	36,270
Short term construction note	5,325,000	5,325,000	242,422	24,779	267,201	5,057,799
Total interest	35,289,278	35,289,278	28,860,635	24,779	28,885,414	6,403,864
Total Debt Service	85,239,283	85,239,283	78,810,635	24,779	78,835,414	6,403,869
Total expenditures and encumbrances	811,359,294	813,469,294	792,572,153	2,389,778	794,961,931	18,507,363
<u>Transfers Out:</u>						
Health department	9,219,581	9,219,581	9,004,011	-	9,004,011	215,570
Pay as you go	5,643,625	5,643,625	5,643,625	-	5,643,625	-
Total Transfers Out	14,863,206	14,863,206	14,647,636	-	14,647,636	215,570
Total Expenditures and Encumbrances	\$ 826,222,500	828,332,500	807,219,789	2,389,778	809,609,567	18,722,933



Located on Cradlerock Way in the Village of Owen Brown, the East Columbia Library houses a Senior Center and the Library's Administrative Offices.

Non-major Governmental Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Capital project funds are used to account for the construction of major capital facilities. These funds are generally financed by bond issues, intergovernmental revenue, and contributions.



Howard County, Maryland
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

	Special Revenue Funds	Capital Project Funds	Total Non-major Governmental Funds
ASSETS			
Pooled cash and cash equivalents	\$ 11,503,429	-	11,503,429
Other receivables	30,292	-	30,292
Restricted assets:			
Pooled cash and cash equivalents	34,808,610	11,075,716	45,884,326
Economic development loans	107,585	-	107,585
Housing loans	13,462,875	-	13,462,875
Property taxes	518,280	-	518,280
Materials and supplies	331,177	-	331,177
Due from other governments	9,485,052	1,097,984	10,583,036
Other	407,618	29,529	437,147
Total assets	70,654,918	12,203,229	82,858,147
LIABILITIES			
Due to other funds	4,284,388	1,518,232	5,802,620
Accounts payable	2,082,489	2,450,786	4,533,275
Accrued wages and benefits	4,278,338	-	4,278,338
Deposits and connection fees	271,644	-	271,644
Deferred revenue	11,873,840	192,737	12,066,577
Total liabilities	22,790,699	4,161,755	26,952,454
FUND BALANCES			
Reserved for:			
Encumbrances	4,133,649	34,346,596	38,480,245
Noncurrent economic development loans	107,585		107,585
Noncurrent housing loans receivables	13,471,386	-	13,471,386
Unreserved:			
Undesignated reported in:			
Special revenue funds	30,151,599	-	30,151,599
Capital project funds	-	(26,305,122)	(26,305,122)
Total fund balances	47,864,219	8,041,474	55,905,693
Total liabilities and fund balances	\$ 70,654,918	12,203,229	82,858,147

Howard County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Property taxes	\$ 68,761,547	-	68,761,547
Other local taxes	2,659,602	7,978,805	10,638,407
Revenues from other agencies (grants)	16,260,570	4,502,135	20,762,705
Charges for services	36,016,709	-	36,016,709
Interest on investments	264,825	44,239	309,064
Fines and forfeitures	19,905	-	19,905
Developer contributions	647,135	130,551	777,686
Rental of property	206,754	-	206,754
Miscellaneous program revenue	326,561	269,068	595,629
Total revenues	125,163,608	12,924,798	138,088,406
EXPENDITURES			
Current:			
General government	2,705,873	-	2,705,873
Legislative and judicial	510,691	-	510,691
Public works	21,372,802	-	21,372,802
Public safety	60,328,465	-	60,328,465
Recreation and parks	11,393,250	-	11,393,250
Community services	22,298,425	-	22,298,425
Capital improvements	1,757,184	20,219,966	21,977,150
Total expenditures	120,366,690	20,219,966	140,586,656
Excess (deficiency) of revenues over expenditures	4,796,918	(7,295,168)	(2,498,250)
OTHER FINANCING SOURCES (USES)			
Bond premium	10,131	833,901	844,032
Capital related debt issued	-	6,107,743	6,107,743
Refunding bonds issued	64,052	3,214,255	3,278,307
Payment to bond refunding escrow agent	(73,897)	(3,709,036)	(3,782,933)
Transfers in	9,004,011	2,245,000	11,249,011
Transfers out	(3,424,599)	(4,269,799)	(7,694,398)
Total other financing sources and uses	5,579,698	4,422,064	10,001,762
Net change in fund balances	10,376,616	(2,873,104)	7,503,512
Adjustment to beginning balance	3,547,737	-	3,547,737
Fund balances - beginning, as previously reported	33,939,866	10,914,578	44,854,444
Fund balances - ending	\$ 47,864,219	8,041,474	55,905,693

Howard County, Maryland
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2010

	Community Renewal Program Fund	Environmental Services Fund	Forest Conservation Fund	Fire and Rescue Reserve Fund	Grants Fund	Health Department Fund	Recreation Program Fund	Total
ASSETS								
Pooled cash and cash equivalents	\$ 804,849	-	-	-	-	5,502,768	5,195,812	11,503,429
Other receivables	-	-	-	-	-	-	30,292	30,292
Permanently restricted assets:								
Pooled cash and cash equivalents	-	11,469,387	4,631,788	18,707,435	-	-	-	34,808,610
Economic development loans	-	-	-	-	107,585	-	-	107,585
Housing loans	9,753,526	-	-	-	3,709,349	-	-	13,462,875
Property taxes	-	-	-	518,280	-	-	-	518,280
Materials and supplies	-	-	-	331,151	-	-	26	331,177
Due from other governments	366,997	-	-	-	9,118,055	-	-	9,485,052
Other	-	407,618	-	-	-	-	-	407,618
Total assets	10,925,372	11,877,005	4,631,788	19,556,866	12,934,989	5,502,768	5,226,130	70,654,918
LIABILITIES								
Due to other funds	-	-	-	-	4,284,388	-	-	4,284,388
Accounts payable	27,201	397,411	-	19,793	1,430,716	12,183	195,185	2,082,489
Accrued wages and benefits	203,825	179,611	26,523	2,893,670	467,715	25,032	481,962	4,278,338
Deposits and connection fees	99,344	166,345	-	-	5,320	-	635	271,644
Deferred revenue	-	-	-	429,725	8,236,281	105,323	3,102,511	11,873,840
Total liabilities	330,370	743,367	26,523	3,343,188	14,424,420	142,538	3,780,293	22,790,699
FUND BALANCES								
Reserved for:								
Encumbrances	400,000	1,834,907	32,370	227,179	722,449	833,949	82,795	4,133,649
Noncurrent economic development loans	-	-	-	-	107,585	-	-	107,585
Noncurrent housing loans receivable	9,763,446	-	-	-	3,707,940	-	-	13,471,386
Unreserved:								
Undesignated (deficit)	431,556	9,298,731	4,572,895	15,986,499	(6,027,405)	4,526,281	1,363,042	30,151,599
Total fund balances	10,595,002	11,133,638	4,605,265	16,213,678	(1,489,431)	5,360,230	1,445,837	47,864,219
Total liabilities and fund balances	\$ 10,925,372	11,877,005	4,631,788	19,556,866	12,934,989	5,502,768	5,226,130	70,654,918

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2010

	Community Renewal Program Fund	Environmental Services Fund	Forest Conservation Fund	Fire and Rescue Reserve Fund	Grants Fund	Health Department Fund	Recreation Program Fund	Total
REVENUES								
Property taxes	\$ -	-	-	68,761,547	-	-	-	68,761,547
Other local taxes	2,659,602	-	-	-	-	-	-	2,659,602
Revenues from other agencies (grants)	1,211,081	-	-	-	13,963,507	1,085,982	-	16,260,570
Charges for services	-	20,975,576	-	-	1,168,950	1,738,290	12,133,893	36,016,709
Interest on investments	18,105	68,279	18,257	132,609	6,773	3,563	17,239	264,825
Fines and forfeitures	-	-	19,905	-	-	-	-	19,905
Developer fees	-	-	647,135	-	-	-	-	647,135
Rental of property	50,938	-	-	-	-	-	155,816	206,754
Miscellaneous program revenue	12,404	-	-	55,160	165,484	93,113	400	326,561
Total revenues	3,952,130	21,043,855	685,297	68,949,316	15,304,714	2,920,948	12,307,348	125,163,608
EXPENDITURES								
Current:								
General government	-	-	-	-	2,705,873	-	-	2,705,873
Legislative and judicial	-	-	-	-	510,691	-	-	510,691
Public works	-	17,918,799	645,506	-	2,808,497	-	-	21,372,802
Public safety	-	-	-	56,352,605	3,975,860	-	-	60,328,465
Recreation and parks	-	-	-	-	86,449	-	11,306,801	11,393,250
Community services	4,191,627	-	-	-	8,227,880	9,878,918	-	22,298,425
Capital improvements	1,757,184	-	-	-	-	-	-	1,757,184
Total expenditures	5,948,811	17,918,799	645,506	56,352,605	18,315,250	9,878,918	11,306,801	120,366,690
Excess (deficiency) of revenues over expenditures	(1,996,681)	3,125,056	39,791	12,596,711	(3,010,536)	(6,957,970)	1,000,547	4,796,918
OTHER FINANCING SOURCES (USES)								
Bond Premium	10,131	-	-	-	-	-	-	10,131
Refunding bonds issued	64,052	-	-	-	-	-	-	64,052
Payment to bond refunding escrow agent	(73,897)	-	-	-	-	-	-	(73,897)
Transfers in	-	-	-	-	-	9,004,011	-	9,004,011
Transfers out	(986,408)	(68,279)	(43)	(2,377,609)	16,107	8,872	(17,239)	(3,424,599)
Total other financing sources and uses	(986,122)	(68,279)	(43)	(2,377,609)	16,107	9,012,883	(17,239)	5,579,698
Net change in fund balances	(2,982,803)	3,056,777	39,748	10,219,102	(2,994,429)	2,054,913	983,308	10,376,616
Adjustment to beginning balance	-	-	-	-	794,218	2,753,519	-	3,547,737
Fund balances - beginning, as previously reported	13,577,805	8,076,861	4,565,517	5,994,576	710,780	551,798	462,529	33,939,866
Fund balances - ending	\$ 10,595,002	11,133,638	4,605,265	16,213,678	(1,489,431)	5,360,230	1,445,837	47,864,219

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Community Renewal Program Fund
For the Year Ended June 30, 2010

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Local taxes	\$ 2,250,000	2,250,000	2,659,602	409,602
Rental of property	-	-	50,938	50,938
Revenue from other agencies	3,199,945	3,199,945	1,211,081	(1,988,864)
Miscellaneous	-	-	12,404	12,404
Interest on investments	-	-	18,105	18,105
Total revenues	5,449,945	5,449,945	3,952,130	(1,497,815)
EXPENDITURES				
Community services:				
Housing and community development administration	4,356,911	7,906,462	3,065,571	4,840,891
Community development committee	6,940	6,940	703	6,237
Housing initiatives	1,939,800	1,380,249	1,109,665	270,584
Pleasant Chase	667	667	-	667
Capital improvements	-	-	1,757,184	(1,757,184)
Contingency reserve	3,000,000	-	-	-
Total expenditures	9,304,318	9,294,318	5,933,123	3,361,195
Deficiency of revenues under expenditures	(3,854,373)	(3,844,373)	(1,980,993)	1,863,380
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	4,818,839	4,818,839	2,967,401	(1,851,438)
Transfers out	(964,466)	(974,466)	(986,408)	(11,942)
Total other financing sources (uses)	3,854,373	3,844,373	1,980,993	(1,863,380)
Net change in fund balance			-	-
Less appropriation from fund balance			(2,967,401)	-
Fund balances - beginning			14,577,973	-
Fund balances - ending			\$ 11,610,572	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Environmental Services Fund
For the Year Ended June 30, 2010

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	\$ 20,276,000	20,276,000	21,010,392	734,392
Interest on investments	-	-	68,279	68,279
Total revenues	20,276,000	20,276,000	21,078,671	802,671
EXPENDITURES				
Waste management:				
Environmental services	1,405,208	1,419,258	1,382,068	37,190
Solid waste	20,428,189	20,414,139	18,700,060	1,714,079
Total expenditures	21,833,397	21,833,397	20,082,128	1,751,269
Excess (deficiency) of revenues over (under) expenditures	(1,557,397)	(1,557,397)	996,543	2,553,940
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	1,557,397	1,557,397	-	(1,557,397)
Transfers out	-	-	(68,279)	(68,279)
Total other financing sources (uses)	1,557,397	1,557,397	(68,279)	(1,625,676)
Net change in fund balance			928,264	928,264
Fund balances - beginning			8,891,570	-
Fund balances - ending			\$ 9,819,834	928,264

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Forest Conservation Fund
For the Year Ended June 30, 2010

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Developer Contributions-Mitigation	\$ 200,000	200,000	620,216	420,216
Developer Contributions-Inspections	10,000	10,000	27,044	17,044
Fines & Forfeitures	10,000	10,000	19,905	9,905
Interest on Investments	5,000	5,000	18,257	13,257
Total revenues	225,000	225,000	685,422	460,422
EXPENDITURES				
Public Works:				
Reforestation Inspections	223,260	223,260	81,986	141,274
Forest Mitigation	895,275	895,275	580,534	314,741
Contingency	1,545,447	1,545,447	-	1,545,447
Total expenditures	2,663,982	2,663,982	662,520	2,001,462
Excess (deficiency) of revenues over (under) expenditures	(2,438,982)	(2,438,982)	22,902	2,461,884
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	2,438,982	2,438,982	-	2,438,982
Transfers out	-	-	(43)	(43)
Total other financing sources (uses)	2,438,982	2,438,982	(43)	2,438,939
Net change in fund balance			22,859	4,900,823
Fund balances - beginning			4,576,557	-
Fund balances - ending			\$ 4,599,416	4,900,823

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Fire and Rescue Reserve Fund
For the Year Ended June 30, 2010

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	68,904,348	68,904,348	68,761,547	(142,801)
Miscellaneous	32,000	32,000	56,800	24,800
Interest on investments	-	-	132,609	132,609
Total revenues	68,936,348	68,936,348	68,950,956	14,608
EXPENDITURES				
Public safety:				
Metro fire district	67,076,729	67,063,161	54,323,061	12,740,100
Rural fire district	5,018,634	5,032,202	1,939,705	3,092,497
Total expenditures	72,095,363	72,095,363	56,262,766	15,832,597
Excess (deficiency) of revenues over (under) expenditures	(3,159,015)	(3,159,015)	12,688,190	15,847,205
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	5,404,015	5,404,015	-	(5,404,015)
Transfers out	(2,245,000)	(2,245,000)	(2,377,609)	(132,609)
Total other financing sources (uses)	3,159,015	3,159,015	(2,377,609)	(5,536,624)
Net change in fund balance			10,310,581	10,310,581
Fund balances - beginning			8,477,984	-
Fund balances - ending			\$ 18,788,565	10,310,581

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Grants Fund
For the Year Ended June 30, 2010

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Revenue from other agencies:				
Grants from federal government	\$ 15,926,523	19,858,111	1,901,821	(17,956,290)
Grants from state government	14,755,164	15,613,164	11,491,228	(4,121,936)
Other Local grants	1,333,900	1,333,900	570,458	(763,442)
Total revenue from other agencies	32,015,587	36,805,175	13,963,507	(22,841,668)
Interest on investments	20,000	20,000	6,773	(13,227)
Contingency	30,000,000	25,210,412	-	(25,210,412)
Miscellaneous	4,210,128	4,210,128	1,334,434	(2,875,694)
Total revenues	66,245,715	66,245,715	15,304,714	(50,941,001)
EXPENDITURES				
General government	7,414,716	9,869,616	2,758,142	7,111,474
Public safety	13,539,634	14,166,551	3,573,545	10,593,006
Recreation & parks	155,142	155,142	85,696	69,446
Community services	13,131,093	14,794,951	8,558,678	6,236,273
Public works	11,395,959	11,395,959	3,155,142	8,240,817
Legislative & judicial	852,718	896,631	522,120	374,511
Contingency	30,000,000	25,210,412	-	25,210,412
Total expenditures	76,489,262	76,489,262	18,653,323	57,835,939
Deficiency of revenues under expenditures	(10,243,547)	(10,243,547)	(3,348,609)	6,894,938
OTHER FINANCING SOURCES				
Transfers in	10,243,547	10,243,547	-	(10,243,547)
Transfers out	-	-	16,107	16,107
Total other financing sources	10,243,547	10,243,547	16,107	(10,227,440)
Net change in fund balance			(3,332,502)	(3,332,502)
Fund balances - beginning			(5,975,028)	-
Fund balances - ending			\$ (9,307,530)	(3,332,502)

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Health Department Fund
For the Year Ended June 30, 2010

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Revenue from other agencies	\$ 8,809,389	8,809,389	1,085,982	(7,723,407)
Charges for services	1,797,778	1,797,778	1,738,290	(59,488)
Interest on investments	38,050	38,050	3,563	(34,487)
Other	1,291,821	1,291,821	93,113	(1,198,708)
Total revenues	11,937,038	11,937,038	2,920,948	(9,016,090)
EXPENDITURES				
Community services:				
General local health services	7,752,323	7,752,323	6,157,798	1,594,525
Targeted funds	4,819,354	4,819,354	3,157,055	1,662,299
Grant programs	8,584,942	8,584,942	1,172,931	7,412,011
Total expenditures	21,156,619	21,156,619	10,487,784	10,668,835
Deficiency of revenues under expenditures	(9,219,581)	(9,219,581)	(7,566,836)	1,652,745
OTHER FINANCING SOURCES				
Transfers in	9,219,581	9,219,581	9,004,011	(215,570)
Transfers out	-	-	8,872	8,872
Total other financing sources	9,219,581	9,219,581	9,012,883	(206,698)
Net change in fund balance			1,446,047	1,446,047
Adjustment to beginning balance			2,753,519	
Fund balances - beginning			253,195	
Fund balances - ending			\$ 4,452,761	1,446,047

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Recreation Program Fund
For the Year Ended June 30, 2010

	<u>Budget Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Charges for services	\$ 13,104,343	13,104,343	12,290,109	(814,234)
Interest on investments	-	-	17,239	17,239
Total revenues	13,104,343	13,104,343	12,307,348	(796,995)
EXPENDITURES				
Recreation and parks:				
Administration	12,944,980	13,104,343	11,238,966	1,865,377
Contingency	159,363	-	-	-
Total expenditures	13,104,343	13,104,343	11,238,966	1,865,377
Excess of revenues over expenditures	-	-	1,068,382	1,068,382
OTHER FINANCING (USES)				
Transfers out	-	-	(17,239)	(17,239)
Total other financing (uses)	-	-	(17,239)	(17,239)
Net change in fund balance			1,051,143	1,051,143
Fund balances - beginning			860,430	
Fund balances - ending			\$ 1,911,573	1,051,143

Howard County, Maryland
Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2010

	Fire Service Bldg & Equip Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
RESTRICTED ASSETS					
Equity in pooled cash and cash equivalents	\$ 8,318,530	-	2,757,186	-	11,075,716
Receivables:					-
Due from other governments	365,995	-	731,989	-	1,097,984
Other	-	-	29,529	-	29,529
Total assets	8,684,525	-	3,518,704	-	12,203,229
LIABILITIES					
Due to other funds	-	400,485	-	1,117,747	1,518,232
Accounts payable/accrued liability	114,692	168,710	2,069,377	98,007	2,450,786
Deferred revenue	-	-	186,887	5,850	192,737
Total liabilities	114,692	569,195	2,256,264	1,221,604	4,161,755
FUND BALANCES					
Reserved for encumbrances	3,456,094	19,142,561	7,980,763	3,767,178	34,346,596
Unreserved, undesignated	5,113,739	(19,711,756)	(6,718,323)	(4,988,782)	(26,305,122)
Total fund balances	8,569,833	(569,195)	1,262,440	(1,221,604)	8,041,474
Total liabilities and fund balances	\$ 8,684,525	-	3,518,704	-	12,203,229

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended June 30, 2010

	Fire Service Bldg & Equip Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
REVENUES					
Other local taxes	\$ 2,659,602	-	5,319,203	-	7,978,805
Revenues from other agencies	19,702	251,122	3,862,187	369,124	4,502,135
Developer contributions	-	-	-	130,551	130,551
Interest on investments	28,236	-	16,003	-	44,239
Miscellaneous program revenues	10,000	-	248,668	10,400	269,068
Total revenues	2,717,540	251,122	9,446,061	510,075	12,924,798
EXPENDITURES					
Capital improvements	3,301,259	1,427,856	12,136,513	3,354,338	20,219,966
Total expenditures	3,301,259	1,427,856	12,136,513	3,354,338	20,219,966
Excess (deficiency) of revenues over expenditures	(583,719)	(1,176,734)	(2,690,452)	(2,844,263)	(7,295,168)
OTHER FINANCING SOURCES (USES)					
Bond premium	112,159	-	217,177	504,565	833,901
Capital related debt issued	1,585,000	1,112,000	1,053,000	2,357,743	6,107,743
Refunding bonds issued	252,171	-	1,322,416	1,639,668	3,214,255
Payment to bond refunding escrow agent	(290,979)	-	(1,525,984)	(1,892,073)	(3,709,036)
Transfers in	2,245,000	-	-	-	2,245,000
Transfers out	(1,117,360)	2,846	(3,159,299)	4,014	(4,269,799)
Total other financing sources and (uses)	2,785,991	1,114,846	(2,092,690)	2,613,917	4,422,064
Net change in fund balances	2,202,272	(61,888)	(4,783,142)	(230,346)	(2,873,104)
Fund balances - beginning	6,367,561	(507,307)	6,045,582	(991,258)	10,914,578
Fund balances - ending	\$ 8,569,833	(569,195)	1,262,440	(1,221,604)	8,041,474



Centennial Park has won awards for its natural design and sensitivity to nature. The park features a 2.6-mile paved pathway, 9 picnic pavilions, and boating on the park's 54 acre lake.

Internal Service Funds

Internal service funds are used to account for the financing, on a cost-reimbursement basis, of goods and services provided by one department to other departments within the County.



Howard County, Maryland
Combining Statement of Net Assets
Internal Service Funds
June 30, 2010

	Central Stores	Technology and Communications	Risk Management Self- Insurance	Employee Benefits Self- Insurance	Total
ASSETS					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 3,588,583	7,056,132	8,922,854	12,999,709	32,567,278
Prepaid Expenses	8,491	-	-	-	8,491
Receivables	223	54,441	225,000	842,834	1,122,498
Materials and supplies	760,080	841,878	-	-	1,601,958
Total current assets	4,357,377	7,952,451	9,147,854	13,842,543	35,300,225
Noncurrent assets:					
Capital asset:					
Machinery and equipment, net	18,700,167	1,186,702	-	-	19,886,869
Total noncurrent assets	18,700,167	1,186,702	-	-	19,886,869
Total assets	23,057,544	9,139,153	9,147,854	13,842,543	55,187,094
LIABILITIES					
Current liabilities:					
Accounts payable	351,541	283,894	60,522	87,243	783,200
Accrued wages and benefits	217,215	347,907	27,688	33,350	626,160
Compensated absences	12,224	13,574	2,154	1,063	29,015
Unpaid insurance claims	-	-	2,757,479	2,607,661	5,365,140
Deposits and connection fees	-	75,000	-	-	75,000
Other accrued expenses	-	-	-	20,878	20,878
Total current liabilities	580,980	720,375	2,847,843	2,750,195	6,899,393
Noncurrent liabilities:					
Compensated Absences	354,330	495,438	42,214	7,250	899,232
Unpaid insurance claims	-	-	6,480,745	12,689	6,493,434
Total noncurrent liabilities	354,330	495,438	6,522,959	19,939	7,392,666
Total liabilities	935,310	1,215,813	9,370,802	2,770,134	14,292,059
NET ASSETS					
Invested in capital assets, net of related debt	18,700,167	1,186,702	-	-	19,886,869
Unrestricted	3,422,067	6,736,638	(222,948)	11,072,409	21,008,166
Total net assets	\$ 22,122,234	7,923,340	(222,948)	11,072,409	40,895,035

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2010

	Central Stores	Technology and Communications	Risk Management Self- Insurance	Employee Benefits Self- Insurance	Total
Operating revenues:					
User charges	\$ 14,664,262	14,430,539	4,454,869	35,713,043	69,262,713
Insurance recoveries	-	-	66,054	689,301	755,355
Miscellaneous sales and services	-	1,258,626	-	-	1,258,626
Total operating revenues	14,664,262	15,689,165	4,520,923	36,402,344	71,276,694
Operating expenses:					
Salaries and employee benefits	3,650,966	5,319,318	632,541	513,121	10,115,946
Contractual services	1,624,310	5,858,299	935,975	186,643	8,605,227
Supplies and materials	464,371	1,664,548	6,752	581	2,136,252
Business and travel	1,478	28,848	1,167	-	31,493
Vehicle fuels and supplies	4,923,211	80,862	-	-	5,004,073
Insurance claims	-	-	3,160,907	34,380,873	37,541,780
Other administrative	-	573	-	-	573
Share of county administrative expenses	137,733	77,464	476,718	41,231	733,146
Depreciation	4,395,702	1,438,900	-	-	5,834,602
Total operating expenses	15,197,771	14,468,812	5,214,060	35,122,449	70,003,092
Operating income (loss)	(533,509)	1,220,353	(693,137)	1,279,895	1,273,602
Nonoperating revenues (expenses)					
Interest on investments	4,410	16,297	33,355	25,851	79,913
Gain (loss) on sale of capital assets	369,163	-	-	-	369,163
Total nonoperating revenues	373,573	16,297	33,355	25,851	449,076
Net (loss) income before transfers	(159,936)	1,236,650	(659,782)	1,305,746	1,722,678
Transfers out	(4,410)	(5,667,060)	-	(25,851)	(5,697,321)
Change in net assets	(164,346)	(4,430,410)	(659,782)	1,279,895	(3,974,643)
Adjustment to beginning balance	-	1,229,893	-	-	1,229,893
Total net assets - beginning	22,286,580	11,123,857	436,834	9,792,514	43,639,785
Total net assets - ending	\$ 22,122,234	7,923,340	(222,948)	11,072,409	40,895,035

Howard County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010

	Central Stores	Technology and Communications	Risk Management Self-Insurance	Employee Benefits Self-Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 14,664,827	(43,831)	4,482,769	35,840,452	54,944,217
Cash paid to suppliers	(5,937,968)	(7,088,895)	(3,781,106)	(34,493,961)	(51,301,930)
Cash paid to / for employees	(3,042,603)	(4,379,615)	(387,708)	(479,943)	(8,289,869)
Cash paid for quasi-external transactions	(1,504,474)	(1,051,267)	(726,166)	(74,998)	(3,356,905)
Other operating cash receipts	-	15,689,167	66,054	-	15,755,221
Net cash provided by (used in) operating activities	4,179,782	3,125,559	(346,157)	791,550	7,750,734
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies and transfers (to) from other funds	(4,410)	(16,297)	-	(25,851)	(46,558)
Net cash (used in) provided by noncapital financing activities	(4,410)	(16,297)	-	(25,851)	(46,558)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(3,306,574)	(302,606)	-	-	(3,609,180)
Net cash used in capital and related financing activities	(3,306,574)	(302,606)	-	-	(3,609,180)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	4,410	16,297	33,355	25,851	79,913
Net cash provided by investing activities	4,410	16,297	33,355	25,851	79,913
Net (decrease) increase in cash and cash equivalents	873,208	2,822,953	(312,802)	791,550	4,174,909
Cash and cash equivalents - beginning of the year	2,715,375	4,233,179	9,235,656	12,208,159	28,392,369
Cash and cash equivalents - end of the year	3,588,583	7,056,132	8,922,854	12,999,709	32,567,278
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating (loss) income	(533,509)	1,220,353	(693,137)	1,279,895	1,273,602
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	4,395,702	1,438,900	-	-	5,834,602
Change in assets and liabilities:					
(Increase) decrease other assets	(70,022)	344,184	27,900	(561,892)	(259,830)
Increase (decrease) accounts and other payables	387,611	122,122	319,080	73,547	902,360
Total adjustments	4,713,291	1,905,206	346,980	(488,345)	6,477,132
Net cash provided by (used in) operating activities	\$ 4,179,782	3,125,559	(346,157)	791,550	7,750,734



The Glenwood Library Branch, located in Cooksville, is Howard County Library's newest branch.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and which cannot be used to support the government's own programs.



Howard County, Maryland
Combining Statement of Net Assets
Pension and Other Post Employment Benefits Trust Funds
June 30, 2010

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post Employment Benefits Fund	Total
ASSETS				
Receivables:				
Interest and dividends	\$ 479,043	536,704	120	1,015,867
Employer contributions	710,344	984,434	-	1,694,778
Employee contributions	140,872	361,666	-	502,538
Sale of investments	10,670,839	11,954,320	-	22,625,159
Other	21,588	24,184	-	45,772
Investments, at fair value:				
Cash	-	-	7,848	7,848
Common stocks	59,303,825	66,436,849	-	125,740,674
Mutual funds	55,257,584	61,903,928	19,928,497	137,090,009
Money market funds	5,097,207	6,173,853	704,419	11,975,479
Fixed income securities	80,174,340	89,817,655	-	169,991,995
Real estate	10,162,316	11,384,633	-	21,546,949
Prepaid insurance	39,249	45,262	-	84,511
Total assets	222,057,207	249,623,488	20,640,884	492,321,579
LIABILITIES				
Accounts payable				
Investments purchased	13,831,943	15,495,640	-	29,327,583
Other	200,891	220,696	820,785	1,242,372
Total liabilities	14,032,834	15,716,336	820,785	30,569,955
Net assets held in trust for pension and other post employment benefits	\$ 208,024,373	233,907,152	19,820,099	461,751,624

Howard County, Maryland
Combining Statement of Changes in Net Assets
Pension and Other Post Employment Benefits Trust Funds
For the Year Ended June 30, 2010

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post Employment Benefits Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 9,757,621	14,880,921	8,109,983	32,748,525
Member	2,095,944	5,452,718	-	7,548,662
Total contributions	11,853,565	20,333,639	8,109,983	40,297,187
Investment income:				
Net change in fair value of investments	22,071,286	23,201,780	(410,089)	44,862,977
Interest	2,301,177	2,573,943	22,309	4,897,429
Dividends	2,234,968	2,499,225	338,055	5,072,248
Other	21,215	23,217	-	44,432
Investment expense	(866,581)	(955,756)	(16,300)	(1,838,637)
Net investment (loss) income	25,762,065	27,342,409	(66,025)	53,038,449
Total additions	37,615,630	47,676,048	8,043,958	93,335,636
DEDUCTIONS				
Benefits	6,668,368	11,568,329	8,470,904	26,707,601
Administrative expenses	247,892	222,937	26,472	497,301
Total deductions	6,916,260	11,791,266	8,497,376	27,204,902
Change in net assets	30,699,370	35,884,782	(453,418)	66,130,734
Net assets - beginning of year	177,325,003	198,022,370	20,273,517	395,620,890
Net assets - end of year	\$ 208,024,373	233,907,152	19,820,099	461,751,624

Howard County, Maryland
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2010

	Street Light District Fund	State Property Tax and Interest Fund	Road Surety Deposit Fund	Total
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
ASSETS				
Equity in pooled cash and cash equivalents	\$ 1,467,736	762,392	2,011,489	4,241,617
Property taxes receivable	-	204,780	1,200	205,980
Total assets	1,467,736	967,172	2,012,689	4,447,597
LIABILITIES				
Accounts payable	153,376	967,172	-	1,120,548
Deposits	1,314,360	-	2,012,689	3,327,049
Total liabilities	\$ 1,467,736	967,172	2,012,689	4,447,597

Howard County, Maryland
Combining Statement of Changes Assets and Liabilities
Agency Funds
June 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<u>Street Light District Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	\$ 1,314,360	193,700	40,324	1,467,736
Total assets	1,314,360	193,700	40,324	1,467,736
LIABILITIES				
Accounts payable	-	270,023	116,647	153,376
Deposits	1,314,360	-	-	1,314,360
Total liabilities	1,314,360	270,023	116,647	1,467,736
 <u>State Property Tax and Interest Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	681,605	288,844,137	288,763,350	762,392
Property taxes receivable	236,454	248,155,202	248,186,876	204,780
Total assets	918,059	536,999,339	536,950,226	967,172
LIABILITIES				
Accounts payable	918,059	199,327,191	199,278,078	967,172
Total liabilities	918,059	199,327,191	199,278,078	967,172
 <u>Road Surety Deposit Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	1,158,262	4,396,092	3,542,865	2,011,489
Property taxes receivable	-	1,200	-	1,200
Total assets	1,158,262	4,397,292	3,542,865	2,012,689
LIABILITIES				
Accounts payable	-	-	-	-
Deposits	1,158,262	2,597,803	1,743,376	2,012,689
Total liabilities	1,158,262	2,597,803	1,743,376	2,012,689
 <u>Totals - All Agency Funds</u>				
ASSETS				
Equity in pooled cash and cash equivalents	3,154,227	293,433,929	292,346,539	4,241,617
Property taxes receivable	236,454	248,156,402	248,186,876	205,980
Total assets	3,390,681	541,590,331	540,533,415	4,447,597
LIABILITIES				
Accounts payable	918,059	199,597,214	199,394,725	1,120,548
Deposits	2,472,622	2,597,803	1,743,376	3,327,049
Total liabilities	\$ 3,390,681	202,195,017	201,138,101	4,447,597

**Capital Assets Used in the Operation of
Governmental Funds**



Howard County, Maryland
Schedule by Function and Activity
Capital Assets Used in the Operation of Governmental Funds
June 30, 2010

Function and Activity	Land and Land Improvements	Buildings	Improvements Other Than Buildings	Equipment	Construction In Progress	Total
General government:						
County executive	-	-	7,314	6,020	-	13,334
Technology and communication	-	-	-	6,336,092	-	6,336,092
Finance	-	-	-	4,148,450	-	4,148,450
Law	-	-	-	35,984	-	35,984
County administration	-	-	31,810,224	1,025,298	-	32,835,522
Total general government	-	-	31,817,538	11,551,844	-	43,369,382
Public safety:						
Corrections	-	-	-	83,810	-	83,810
Fire	1,116,001	6,591,807	8,820	29,470,847	-	37,187,475
Police	-	-	-	8,861,906	-	8,861,906
Total public safety	1,116,001	6,591,807	8,820	38,416,563	-	46,133,191
Public facilities:						
Public works	281,416,495	132,408,529	296,217,456	4,064,849	-	714,107,329
Planning and zoning	-	-	-	4,535,623	-	4,535,623
Inspections, licenses and permits	-	-	-	3,119,908	-	3,119,908
Transportation	-	-	-	1,032,084	-	1,032,084
Total public facilities	281,416,495	132,408,529	296,217,456	12,752,464	-	722,794,944
Legislative and judicial:						
Board of elections	-	-	-	47,840	-	47,840
Circuit court	-	-	-	80,629	-	80,629
County council	-	-	-	15,280	-	15,280
State's attorney	-	-	-	59,229	-	59,229
Sheriff	-	-	-	104,020	-	104,020
Total legislative and judicial	-	-	-	306,998	-	306,998
Community services:						
Citizen services	-	-	-	127,836	-	127,836
Health department	-	-	-	1,042,042	-	1,042,042
Housing and community development	490,900	4,374,719	-	107,324	-	4,972,943
Library	2,280,637	32,058,771	44,523	121,181	-	34,505,112
Social services	-	-	-	263,804	-	263,804
Total community services	2,771,537	36,433,490	44,523	1,662,187	-	40,911,737
Recreation and parks:						
Recreation and parks	92,322,159	25,818,453	31,436,066	1,396,898	-	150,973,576
Total recreation and parks	92,322,159	25,818,453	31,436,066	1,396,898	-	150,973,576
Agricultural land preservation:						
Agricultural land easements	65,530,200	-	-	-	-	65,530,200
Total agricultural land preservation	65,530,200	-	-	-	-	65,530,200
Construction in progress	-	-	-	-	261,291,814	261,291,814
Total governmental funds capital assets	443,156,392	201,252,279	359,524,403	66,086,954	261,291,814	1,331,311,842

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Howard County, Maryland
Schedule of Changes by Function and Activity
Capital Assets Used in the Operation of Governmental Funds
For the Year Ended June 30, 2010

Function and Activity	Balances	Assets		Balances	Balances	Allowance for Depreciation		Balances
	June 30, 2009	Additions	Deductions	June 30, 2010	June 30, 2009	Additions	Deductions	June 30, 2010
General government:								
County executive	13,334	-	-	13,334	7,478	488	-	7,966
Technology and communication	655,728	5,680,363	-	6,336,091	506,242	372,066	-	878,308
Finance	4,148,449	-	-	4,148,449	2,845,049	367,139	-	3,212,188
Law	35,984	-	-	35,984	33,870	314	-	34,184
County administration	32,835,523 *	-	-	32,835,523	15,672,508	1,594,475	-	17,266,983
Total general government	37,689,018	5,680,363	-	43,369,381	19,065,147	2,334,482	-	21,399,629
Public safety:								
Corrections	83,810	-	-	83,810	83,810	-	-	83,810
Fire	35,457,483	2,130,877 *	400,885	37,187,475	17,884,918	2,135,869	394,665	19,626,122
Police	8,812,523 *	49,383	-	8,861,906	5,275,728	779,926	-	6,055,654
Total public safety	44,353,816	2,180,260	400,885	46,133,191	23,244,456	2,915,795	394,665	25,765,586
Public facilities:								
Public works	693,574,368 *	20,959,781	426,820	714,107,329	164,160,902	11,249,378	53,207	175,357,073
Planning and zoning	3,442,936	1,715,164	622,477	4,535,623	3,051,912	404,193	634,148	2,821,957
Inspections, licenses and permits	3,119,908	-	-	3,119,908	2,260,693	456,396	-	2,717,089
Transportation	1,032,084	-	-	1,032,084	143,345	-	-	143,345
Total public facilities	701,169,296	22,674,945	1,049,297	722,794,944	169,616,852	12,109,967	687,355	181,039,464
Legislative and judicial:								
Board of elections	47,840	-	-	47,840	47,840	-	-	47,840
Circuit court	80,629	-	-	80,629	39,620	11,510	-	51,130
County council	15,280	-	-	15,280	15,280	-	-	15,280
States attorney	59,229	-	-	59,229	58,196	1,034	-	59,230
Sheriff	104,020	-	-	104,020	81,243	6,316	-	87,559
Total legislative and judicial	306,998	-	-	306,998	242,179	18,860	-	261,039
Community services:								
Citizen services	127,837	-	-	127,837	124,814	300	-	125,114
Cooperative extension service	-	-	-	-	-	-	-	-
Health department	1,042,042	-	-	1,042,042	696,856	67,690	-	764,546
Housing and community development	4,972,943	-	-	4,972,943	2,484,270	99,073	-	2,583,343
Library	34,505,112	-	-	34,505,112	10,598,711	641,175	-	11,239,886
Social services	263,804	-	-	263,804	263,804	-	-	263,804
Total community services	40,911,738	-	-	40,911,738	14,168,455	808,238	-	14,976,693
Recreation and parks:								
Recreation and parks	150,606,188	367,388	-	150,973,576	27,985,326	1,791,391	-	29,776,717
Total recreation and parks	150,606,188	367,388	-	150,973,576	27,985,326	1,791,391	-	29,776,717
Agricultural land preservation:								
Agricultural land easements	65,530,200	-	-	65,530,200	-	-	-	-
Total agricultural land preservation	65,530,200	-	-	65,530,200	-	-	-	-
Total county government	1,040,567,254	30,902,956	1,450,182	1,070,020,028	254,322,415	19,978,733	1,082,020	273,219,128
Construction in progress	193,962,742	77,213,872	9,884,800	261,291,814	-	-	-	-
Total governmental funds capital assets	1,234,529,996	108,116,828	11,334,982	1,331,311,842	254,322,415	19,978,733	1,082,020	273,219,128

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

* restatements were made amongst asset classes

**Capital Assets Used in the Operation of
Enterprise Funds**



Howard County, Maryland
Capital Assets and Depreciation
Capital Assets Used in the Operation of Enterprise Funds
For the Year Ended June 30, 2010

	Balances	Assets		Balances	Balances	Allowance for Depreciation		Balances
	June 30, 2009	Additions	Deductions	June 30, 2010	June 30, 2009	Additions	Deductions	June 30, 2010
Land:								
Utility	\$ 2,117,977	-	-	2,117,977	-	-	-	-
Golf Course	8,684,896	-	-	8,684,896	-	-	-	-
Total land	10,802,873	-	-	10,802,873	-	-	-	-
Buildings:								
Utility	128,127,400 *	-	-	128,127,400	50,033,083 *	2,543,428	-	52,576,511
Golf Course	1,058,133	-	-	1,058,133	358,158	21,163	-	379,321
Total buildings	129,185,533	-	-	129,185,533	50,391,241	2,564,591	-	52,955,832
Improvements other than buildings:								
Utility	54,379,418 *	1,077,362	-	55,456,780	26,076,013 *	1,967,667	-	28,043,680
Golf course	148,004 *	-	-	148,004	28,217 *	7,400	-	35,617
Total improvements	54,527,422	1,077,362	-	55,604,784	26,104,230	1,975,067	-	28,079,297
Infrastructure								
Utility	465,269,125 *	9,087,405	-	474,356,530	203,000,454 *	8,960,149	-	211,960,603
Golf course	-	-	-	-	-	-	-	-
Total improvements	465,269,125	9,087,405	-	474,356,530	203,000,454	8,960,149	-	211,960,603
Machinery and equipment:								
Utility	3,075,871 *	107,649	-	3,183,520	1,930,928 *	162,879	-	2,093,807
Golf course	463,610	18,450	-	482,060	329,917	20,527	-	350,444
Total machinery and equipment	3,539,481	126,099	-	3,665,580	2,260,845	183,406	-	2,444,251
Grand total	\$ 663,324,434	10,290,866	-	673,615,300	281,756,770	13,683,213	-	295,439,983

Does not include \$179,451,008 of Construction in Progress.

* restatements were made amongst asset classes



The Gary J. Arthur Community Center at Glenwood is a true “community facility” built to serve the growing population in the western part of the county.

Long-Term Debt

Liabilities of the County represented by outstanding general obligation bonds and other long-term debt.



Howard County, Maryland
Schedule of General Long-Term Debt - General County Bonds
Long-Term Obligations
June 30, 2010

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
General improvement bonds:						
06-29-99	2000-2016	2.41	14,210,000	5,795,000	817,590	6,612,590
02-01-02	2002-2015	3.40 - 5.25	26,559,453	8,207,683	1,006,519	9,214,202
06-01-03	2003-2023	2.00 - 5.00	26,565,326	5,918,034	986,503	6,904,537
02-01-04	2004-2024	2.00 - 5.00	37,724,019	28,310,770	9,398,003	37,708,773
01-01-05	2005-2025	3.00 - 4.25	13,716,504	10,296,293	3,199,337	13,495,630
01-15-06	2006-2026	3.50 - 4.50	23,906,607	14,971,766	6,207,190	21,178,956
03-15-07	2007-2027	4.00 - 5.00	16,490,227	8,794,775	3,572,656	12,367,431
12-19-07	2009-2019	3.75 - 5.00	29,567,105	21,387,278	3,293,733	24,681,011
02-27-08	2009-2028	3.00 - 5.00	46,633,639	30,976,440	14,224,435	45,200,875
03-23-09	2010-2029	3.50 - 5.00	20,124,587	19,485,978	9,985,078	29,471,056
12-08-09	2011-2022	2.00 - 5.00	24,381,235	24,381,235	10,205,951	34,587,186
03-16-10	2011-2023	3.00 - 5.00	10,746,917	10,746,917	3,475,551	14,222,468
03-16-10	2024-2030	5.00 - 5.55	6,245,844	6,245,844	5,627,663	11,873,507
Total general improvement bonds			296,871,463	195,518,013	72,000,209	267,518,222
Storm drain bonds:						
02-01-02	2002-2015	3.40 - 5.25	2,394,309	829,838	102,930	932,768
06-01-03	2003-2023	2.00 - 5.00	1,903,649	573,532	95,864	669,396
02-01-04	2004-2024	2.00 - 5.00	2,214,872	1,751,420	612,460	2,363,880
01-01-05	2005-2025	3.00 - 4.25	341,954	277,087	96,110	373,197
01-15-06	2006-2026	3.50 - 4.50	1,745,637	1,165,044	507,353	1,672,397
03-15-07	2007-2027	4.00 - 5.00	2,465,000	1,394,003	649,028	2,043,031
12-19-07	2009-2019	3.75 - 5.00	897,891	649,487	100,024	749,511
02-27-08	2009-2028	3.00 - 5.00	1,344,420	936,192	460,649	1,396,841
03-23-09	2010-2029	3.50 - 5.00	1,920,227	1,859,605	953,506	2,813,111
12-08-09	2011-2022	2.00 - 5.00	1,639,668	1,639,668	686,363	2,326,031
03-16-10	2011-2023	3.00 - 5.00	2,357,743	2,357,743	762,494	3,120,237
Total storm drain bonds			19,225,370	13,433,619	5,026,781	18,460,400
Police department bonds:						
02-01-02	2002-2015	3.40 - 5.25	1,585,542	606,323	77,359	683,682
06-01-03	2003-2023	2.00 - 5.00	874,118	464,819	76,195	541,014
02-01-04	2004-2024	2.00 - 5.00	2,754,040	1,980,584	716,964	2,697,548
01-01-05	2005-2025	3.00 - 4.25	1,978,000	1,602,782	555,940	2,158,722
01-15-06	2006-2026	3.50 - 4.50	1,432,986	956,380	416,484	1,372,864
03-15-07	2007-2027	4.00 - 5.00	176,319	99,712	46,427	146,139
12-19-07	2009-2019	3.75 - 5.00	472,855	342,038	52,675	394,713
02-27-08	2009-2028	3.00 - 5.00	16,000	11,142	5,486	16,628
03-23-09	2010-2029	3.50 - 5.00	357,459	346,174	177,500	523,674
12-08-09	2011-2022	2.00 - 5.00	544,524	544,524	227,937	772,461
03-16-10	2011-2023	3.00 - 5.00	161,000	161,000	52,067	213,067
03-16-10	2024-2030	5.00 - 5.55	623,000	623,000	561,339	1,184,339
Total police department bonds			10,975,843	7,738,478	2,966,373	10,704,851
Fire department bonds:						
02-01-02	2002-2015	3.40 - 5.25	1,838,425	810,394	107,086	917,480
06-01-03	2003-2023	2.00 - 5.00	793,991	470,445	77,358	547,803
02-01-04	2004-2024	2.00 - 5.00	1,060,772	879,165	302,451	1,181,616
03-15-07	2007-2027	4.00 - 5.00	134,000	75,779	35,282	111,061
12-19-07	2009-2019	3.75 - 5.00	1,127,193	815,352	125,568	940,920
02-27-08	2009-2028	3.00 - 5.00	559,000	389,262	191,537	580,799
03-23-09	2010-2029	3.50 - 5.00	6,022,000	5,831,883	2,990,278	8,822,161
12-08-09	2011-2022	2.00 - 5.00	252,171	252,171	105,558	357,729
03-16-10	2011-2023	3.00 - 5.00	630,000	630,000	203,742	833,742
03-16-10	2024-2030	5.00 - 5.55	955,000	955,000	860,479	1,815,479
Total fire department bonds			13,372,552	11,109,451	4,999,339	16,108,790

(Continued)

Howard County, Maryland
Schedule of General Long-Term Debt - General County Bonds
Long-Term Obligations
June 30, 2010

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
School bonds:						
02-01-02	2002-2015	3.40 - 5.25	70,208,285	23,413,389	2,869,250	26,282,639
06-01-03	2003-2023	2.00 - 5.00	44,571,096	15,196,692	3,076,068	18,272,760
02-01-04	2004-2024	2.00 - 5.00	78,248,341	62,272,676	21,542,595	83,815,271
01-01-05	2005-2025	3.00 - 4.25	43,148,176	34,963,144	12,127,295	47,090,439
01-15-06	2006-2026	3.50 - 4.50	62,704,950	41,549,095	18,042,361	59,591,456
03-15-07	2007-2027	4.00 - 5.00	59,669,454	33,809,550	16,089,848	49,899,398
12-19-07	2009-2019	3.75 - 5.00	42,951,282	31,068,683	4,784,711	35,853,394
02-27-08	2009-2028	3.00 - 5.00	48,722,941	33,927,467	16,691,483	50,618,950
03-23-09	2010-2029	3.50 - 5.00	28,734,289	27,826,691	14,267,183	42,093,874
12-08-09	2011-2022	2.00 - 5.00	48,771,399	48,771,399	20,415,639	69,187,038
03-16-10	2011-2023	3.00 - 5.00	30,940,242	30,940,242	10,006,070	40,946,312
03-16-10	2011-2017	0.60 - 3.70	12,590,000	12,590,000	1,414,323	14,004,323
03-16-10	2024-2030	5.00 - 5.55	21,799,156	21,799,156	19,641,588	41,440,744
Total school bonds			593,059,611	418,128,184	160,968,414	579,096,598
Community renewal bonds:						
02-01-02	2002-2015	3.40 - 5.25	1,845,230	768,943	100,283	869,226
06-01-03	2003-2023	2.00 - 5.00	1,534,126	383,329	51,472	434,801
02-01-04	2004-2024	2.00 - 5.00	684,423	543,424	189,758	733,182
01-01-05	2005-2025	3.00 - 4.25	20,000	16,206	5,621	21,827
12-19-07	2009-2019	3.75 - 5.00	3,139,952	2,271,275	349,786	2,621,061
12-08-09	2011-2022	2.00 - 5.00	64,052	64,052	26,812	90,864
Total community renewal bonds			7,287,783	4,047,229	723,732	4,770,961
Recreation and parks bonds:						
02-01-02	2002-2015	3.40 - 5.25	5,881,846	2,330,604	300,152	2,630,756
06-01-03	2003-2023	2.00 - 5.00	7,485,140	1,637,245	203,557	1,840,802
02-01-04	2004-2024	2.00 - 5.00	3,247,873	2,488,660	880,104	3,368,764
01-01-05	2005-2025	3.00 - 4.25	245,442	198,883	68,984	267,867
01-15-06	2006-2026	3.50 - 4.50	10,481	6,995	3,045	10,040
03-15-07	2007-2027	4.00 - 5.00	3,328,000	1,882,045	876,250	2,758,295
12-19-07	2009-2019	3.75 - 5.00	6,253,677	4,523,579	696,651	5,220,230
02-27-08	2009-2028	3.00 - 5.00	59,000	41,085	20,220	61,305
03-23-09	2010-2029	3.50 - 5.00	533,230	516,396	264,780	781,176
12-08-09	2011-2022	2.00 - 5.00	1,322,416	1,322,416	553,561	1,875,977
03-16-10	2011-2023	3.00 - 5.00	6,000	6,000	1,940	7,940
03-16-10	2024-2030	5.00 - 5.55	1,047,000	1,047,000	943,373	1,990,373
Total recreation and parks bonds			29,420,105	16,000,908	4,812,617	20,813,525
Community college bonds:						
02-01-02	2002-2015	3.40 - 5.25	1,851,909	647,825	80,581	728,406
06-01-03	2003-2023	2.00 - 5.00	11,042,554	2,360,905	605,567	2,966,472
02-01-04	2004-2024	2.00 - 5.00	7,370,659	5,878,302	2,049,432	7,927,734
01-01-05	2005-2025	3.00 - 4.25	549,925	445,606	154,563	600,169
01-15-06	2006-2026	3.50 - 4.50	1,574,339	1,050,719	457,569	1,508,288
03-15-07	2007-2027	4.00 - 5.00	17,737,000	10,044,136	4,760,510	14,804,646
12-19-07	2009-2019	3.75 - 5.00	3,010,045	2,177,308	335,315	2,512,623
02-27-08	2009-2028	3.00 - 5.00	10,165,000	7,078,413	3,482,858	10,561,271
03-23-09	2010-2029	3.50 - 5.00	12,028,208	11,648,273	5,972,225	17,620,498
12-08-09	2011-2022	2.00 - 5.00	8,884,535	8,884,535	3,719,054	12,603,589
03-16-10	2011-2023	3.00 - 5.00	4,173,098	4,173,098	1,349,579	5,522,677
03-16-10	2024-2030	5.00 - 5.55	8,735,000	8,735,000	7,870,455	16,605,455
Total community college bonds			87,122,272	63,124,120	30,837,708	93,961,828
Total bonds			\$ 1,057,334,999	729,100,002	282,335,173	1,011,435,175

Howard County, Maryland
Schedule of Changes in Long-Term Debt
Long-Term Obligations
For the Year Ended June 30, 2010

	Balance June 30, 2009	Issued	Refunded	Retired	Balance June 30, 2010
General county bonds:					
General improvement	\$ 195,962,536	41,373,996	24,997,533	16,820,986	195,518,013
Storm drain	11,897,105	3,997,411	1,681,076	779,821	13,433,619
Police department	7,472,084	1,328,524	558,246	503,884	7,738,478
Fire department	10,157,563	1,837,171	258,529	626,754	11,109,451
School bonds	379,049,867	114,100,797	50,004,049	25,018,431	418,128,184
Community renewal bonds	4,801,907	64,052	65,656	753,074	4,047,229
Recreation and parks bonds	17,346,615	2,375,416	1,355,812	2,365,311	16,000,908
Community college bonds	53,173,137	21,792,633	9,109,099	2,732,551	63,124,120
Total bonds	679,860,814	186,870,000	88,030,000	49,600,812	729,100,002
Other long-term debt:					
Compensated absences	19,046,886	2,312,852	-	1,091,066	20,268,672
Capital leases	-	4,909,012	-	20,295	4,888,717
Landfill closure obligation	34,503,000	499,000	-	-	35,002,000
Agricultural land preservation program	61,240,200	-	-	242,000	60,998,200
Total other long-term debt	114,790,086	7,720,864	-	1,353,361	121,157,589
Total long-term debt	\$ 794,650,900	194,590,864	88,030,000	50,954,173	850,257,591 *

* Does not include deferred refunding premium liability of \$48,401,211, economic refunding loss of (\$10,891,714), unpaid insurance claims of \$6,493,434 and net OPEB obligation of \$69,881,083 shown in the Statement of Net Assets.

Howard County, Maryland
Schedule of Bonded and Other Long-Term Debt
Enterprise Fund
June 30, 2010

Date of Issue	Maturity	Rate of Interest	Amount Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
Metropolitan district bonds:						
02-01-02	2002-2031	3.40-5.25	26,150,000	19,210,000	5,604,240	24,814,240
06-01-03	2003-2032	3.00-5.00	29,180,000	14,970,000	5,305,881	20,275,881
02-01-04	2004-2023	2.00-4.25	8,325,000	8,005,000	1,865,793	9,870,793
01-01-05	2005-2034	3.00-4.50	4,000,000	3,560,000	2,210,095	5,770,095
01-15-06	2006-2035	3.50-4.40	3,000,000	2,500,000	1,699,830	4,199,830
03-15-07	2007-2037	4.00-4.50	10,000,000	8,860,000	6,368,541	15,228,541
12-19-07	2009-2029	3.75-4.375	11,980,000	11,585,000	5,159,300	16,744,300
02-27-08	2009-2038	3.00-4.375	4,095,000	3,940,000	2,857,063	6,797,063
03-23-09	2010-2029	3.00-5.00	26,240,000	25,405,000	11,783,164	37,188,164
12-08-09	2011-2030	1.00-4.00	7,255,000	7,255,000	3,864,541	11,119,541
03-16-10	2011-2015	2.00-4.00	5,520,000	5,520,000	584,014	6,104,014
Total metropolitan district bonds			135,745,000	110,810,000	47,302,462	158,112,462
MD water quality 06/1/92	1992-2013	3.50	15,211,855	3,297,148	404,769 (a)	3,701,917
MD water quality 10/10/95	1995-2015	4.33	1,985,344	682,905	129,404 (a)	812,309
MD water quality 10/18/00	2000-2022	2.40	34,000,000	22,296,206	4,867,524 (a)	27,163,730
MD water quality 1/29/02	2002-2024	2.00	21,329,363	15,617,687	3,187,560 (a)	18,805,247
MD water quality 10/1/08	2009-2029	2.30	1,088,570	1,032,019	317,005 (a)	1,349,024
MD water quality 11/19/09	2010-2031	1.00	3,500,000	294,075	82,097 (a)	376,172
Total water quality			77,115,132	43,220,040	8,988,359	52,208,399
Special recreation facility bonds	2003-2020	2.00-3.80	9,880,000	6,870,000	1,381,124	8,251,124
Major water and sewer agreements	n/a	n/a	n/a	2,034,984	n/a	2,034,984
Total debt			\$ 222,740,132	162,935,024 (b)	57,671,945	220,606,969

(a) Includes administrative fees.

(b) Does not include deferred refunding premium liability of \$2,907,776, unamortized discount of (\$5,655) and economic refunding loss of (\$331,782) shown in the Statement of Net Assets. Also, does not include net OPEB obligation of \$933,934, compensated absences of \$775,145, developer agreement rebates of \$299,889, or deferred water and sewer assessments of \$25,720,636.

Howard County, Maryland
Schedule of Changes in Bonded Long-Term Debt
Enterprise Fund
For the Year Ended June 30, 2010

Date of Issue	Balance June 30, 2009	Issued	Refunded	Retired	Balance June 30, 2010
Metropolitan district bonds:					
10/15/1991	\$ 2,154,110	-	-	2,154,110	-
03-15-01	2,985,000	-	2,985,000	-	-
02-01-02	21,815,000	-	1,705,000	900,000	19,210,000
06-01-03	17,670,000	-	1,255,000	1,445,000	14,970,000
02-01-04	8,070,000	-	-	65,000	8,005,000
01-01-05	3,650,000	-	-	90,000	3,560,000
01-15-06	2,815,000	-	250,000	65,000	2,500,000
03-15-07	9,620,000	-	560,000	200,000	8,860,000
12-19-07	11,850,000	-	-	265,000	11,585,000
02-27-08	4,020,000	-	-	80,000	3,940,000
03-23-09	26,240,000	-	-	835,000	25,405,000
12-08-09	-	7,255,000	-	-	7,255,000
03-16-10	-	5,520,000	-	-	5,520,000
Total metropolitan district bonds	110,889,110	12,775,000	6,755,000	6,099,110	110,810,000
MD water quality 06/1/92	4,305,290	-	-	1,008,142	3,297,148
MD water quality 10/10/95	802,961	-	-	120,056	682,905
MD water quality 10/18/00	23,883,456	-	-	1,587,250	22,296,206
MD water quality 1/29/02	16,617,375	-	-	999,688	15,617,687
MD water quality 10/1/08	966,706	108,792	-	43,479	1,032,019
MD water quality 11/19/09	-	294,075	-	-	294,075
Total water quality	46,575,788	402,867	-	3,758,615	43,220,040
Special recreation facility bonds	7,395,000	-	-	525,000	6,870,000
Compensated absences	696,052	145,976	-	67,789	774,239
Major water and sewer agreements	2,922,762	-	-	887,778	2,034,984
Total debt	\$ 168,478,712	13,323,843	6,755,000	11,338,292	163,709,263 (a)

(a) Does not include deferred refunding premium liability of \$2,907,776, unamortized discount of (\$5,655) and economic refunding loss of (\$331,782) shown in the Statement of Net Assets. Also, does not include net OPEB obligation of \$933,934, developer agreement rebates of \$299,889, or deferred water and sewer assessments of \$25,720,636.



The Howard County, Maryland Welcome Center is located in the Ellicott City Historic District, in the basement of the former United States Post Office building.

**Report on Internal Control
Over Financial Reporting and On Compliance
and Other Matters Based On an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards**



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Honorable Members of the County Council
Howard County, Maryland

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 26, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over financial reporting described below to be material weaknesses.

Network Access Controls

Network password parameters that should be controlling user access and protecting the County's SAP financial accounting system and data do not enforce adequate password controls typically found in other organizations. Passwords are the first line of defense to help protect unauthorized access to the County's systems and data. Given the lack of basic access protection with the current configuration, there can be no reasonable assurance that accounts on County's systems have not already been compromised or that the County's systems will not be broken into or used by unauthorized individuals in the future. This is a repeat finding from 2009.

Management Response

During the investigation of this comment included in the 2009 management letter, it was determined that the help desk would be overburdened with calls each time the system required passwords to be reset. Novell does not have the capabilities of handling complex passwords and nearly all of Howard County users interface with Novell on a daily basis.

Howard County Government is in the process of retiring its Novell eDirectory Service, which currently impacts Active Directory and Network Access Controls. When completed, Active Directory will enforce protections such as password history, password changes, minimum password length, password complexity and locking out accounts after a predetermined number of invalid attempts. The current schedule is to implement this policy for the HC domain by the end of summer 2011. In the meantime, we will implement a minimum password length of seven characters. This will give the County some additional security while we complete the migration.

Two weeks ago we migrated over 700 Police department employees. Since they are in a separate domain, we will implement the following password policy within 14 days: Minimum length of seven characters with complexity; enforce password history of the last four passwords; passwords will be required to be changed every 90 days; with lock out after five attempts. Fire is also in a separate domain and they do not use Novell, therefore, they will be part of the above implementation.

As an update to the continuing migration efforts: this week the County Executive, Administration, County Council, Office of Law, Public Information, Fleet and Children's Resource Center have been migrated.

Network Intrusion Prevention Controls

1. The software license for the Intrusion Prevention System (IPS) that was designed to monitor, block and report malicious activities on the network was expired. Accordingly, the system could not download the updates to help detect and defend against current intrusion attempts on the County's computer systems.
2. Information technology (IT) security testing, including penetration testing of the firewalls separating the County's computers from the public Internet, has not been performed in years. Lack of IT Security testing makes it difficult to determine if the County's firewall and other system security provisions are adequate and are providing appropriate protection, or that the County's data is secure from unauthorized access and possible modification.

Management Response

1. The engine version installed at the time of the audit was 6.0, one version back. The version was still supported by CISCO although the signatures may have not been valid. Our license agreement was in the process of being renewed at the time of the audit, and because of incomplete information on the part of the vendor the renewal was delayed. We did reinstate the contract in September, 2010 and have since upgraded the software to the current version of the IPS engine including signatures.
2. The County understands that regular IT security testing should be performed. However, with the move of the computer room, which has just concluded, any security testing performed prior to this would have been invalidated by the move. The County is in the process of

locating a vendor and scheduling the testing within 60 days. Once performed, the County will commit to following up on any identified items to protect the integrity of the County's system and data.

SAP Application Access Controls

1. Administrative access to the SAP financial application is granted to 18 users, including individuals outside the Finance and IT departments. All individuals with administrative access can perform all accounting activities in the application, as well as make changes to the SAP application, all with no segregation of duties or independent oversight and approvals. (A similar finding was reported in 2009 with the County's old accounting system.)
2. The password parameters for the SAP financial application do not enforce sufficient password requirements typically found in other organizations, allowing passwords to be more easily compromised. (A similar finding was reported in 2009 with the County's old accounting system.)

Management Response

1. Howard County Government has been regularly modifying access to the SAP application. The number of users with administrative access has been reduced to include only Howard County IT domain administrative personnel (5) and SAP administrators (3). The SAP administrators are all from the consultant personnel still reporting to the County location each week.
2. Howard County Government will increase the complexity requirements of SAP passwords to include a required length of eight characters minimum. The password expiration will be 90 days with no repeat of the last nine passwords used. Login attempts will be limited to five before being locked out. This will be implemented within the 30 days.

Bank Reconciliations

During the course of our audit, we noted that bank reconciliations for the disbursement account and the collection account were not completed in a timely manner. When they were completed, they were either not reviewed or reviewed inadequately. We recommend that bank reconciliations be performed, reviewed and approved within 30 days of the end of the month. During the reconciliation process, we recommend that any significant reconciling item be identified and addressed.

Management Response

The County strongly agrees with this recommendation and is in the process of hiring an additional permanent staff to provide the support needed to perform the work in a timely manner.

Journal Entries

During the course of our audit, we noted the following when testing journal entries:

- There were significantly more manual journal entries posted after June 30 than in prior years. Many of the manual journal entries were correcting entries.
- Journal entries were posted without approval and/or supporting documentation in the system.
- On numerous occasions journal entries were approved either by a peer or by a subordinate.

We recommend, in order to reduce the volume of journal entries and correcting entries, the County implement a policy which includes a hierarchy of authorization and approval from the Division of Financial Reporting. The policy should also require supporting documentation which should be reviewed before an entry is posted.

Management Response

The increase in correcting journal entries occurred because the County implemented a new general ledger system and entries were needed to correct the conversion of data from the legacy systems and errors by staff who are still learning the intricacies of the new system. We agree with the recommendation and will develop the policy.

Grant Tracking

The County receives approximately 200 varying types of federal and state grants which are reported within 28 business areas. Cash receipts are not specifically recorded by grant, but are recorded within the 28 business areas. This leads to inadequate tracking of whether grant funding available to the County is fully utilized and whether all requested funding has been collected by the County. This also results in an inability to determine what revenue should be deferred, and what receivable needs to be recorded at year end.

We recommend the following:

- Each grant reimbursement request should be reconciled to SAP by the responsible grant administrator prior to submission to the grantor. Finance should review requests for reimbursement and supporting documentation to make sure amounts agree with SAP on a periodic basis.
- Confirmations should be sent to each grantor on an annual basis to confirm revenues, receivables and expenditures for the fiscal year.
- Cash receipts should be tracked on an individual grant basis.
- Receivables should be reviewed at year end to determine if a deferral is necessary.

Management Response

The County agrees with the recommendation and is in the process of re-organizing Finance and hiring new staff who will be dedicated to grants accounting and reporting. With the implementation of SAP, the County changed its grants accounting and the entire County was still learning the operations and intricacies of the Grants module.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described below, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over financial reporting described below to be significant deficiencies.

Cash Disbursement Approvals

During the course of our audit, we noted numerous instances where County funds were inadvertently disbursed resulting in multiple vendors being paid twice. This occurred because of the way SAP processes payment reversals. We recommend SAP and the Finance department reevaluate the process for disbursements to mitigate the possibility of duplicate payments.

We noted several instances where payments were being made but there was not supporting documentation attached to the transaction for review and approval. We recommend the County continue to follow its policy to review supporting documentation for all disbursements before they are paid.

Management Response

The County agrees with the recommendation. Subsequent to the implementation of the new accounts payable system, the County implemented a policy requiring the attachment of supporting documentation to all payment vouchers.

Capital Assets

During the course of our audit, we performed test work related to the County's capital assets. The schedule provided did not reconcile to the financial reporting system. Due to the significant volume of transactions, the potential materiality of the transactions and the complexity of the accounts, we recommend the County perform a quarterly reconciliation and review of the capital assets.

Management Response

The County agrees with the recommendation.

Landfill

The County uses engineering estimates to record estimated expenditures for post closure care costs for the Alpha Ridge Landfill per Code of Federal Regulations 40, part 258, subpart G. The engineers are hired to update their estimates every four to five years, and during the in between years the estimates are adjusted for CPI by the Department of Public Works and sent to the Department of Finance to record the adjusted liability in the financial statements. During the course of our audit we noted that the Landfill closure and post closure liability was overestimated based on a miscalculation resulting in an adjustment to decrease the recorded liability. The original schedule provided indicated a decrease of 329,000 in the Landfill liability. The adjusted schedule indicated an increase of 499,000. In order to ensure that the property liability is being recorded, the Department of Finance should review the adjustments to the engineering estimates before utilizing the schedule to make the related adjustment to the landfill expenses in the financial statements.

Management Response

The County agrees with the recommendation and has started developing these policies and procedures.

Accounting Policies and Procedures Manual

The Bureau of Accounting Policies and Procedures Manual is outdated. With the migration to the new accounting system during the current fiscal year, an updated policies and procedures manual is important to ensure that all new procedures or new job responsibilities that were implemented as a result of the system change are documented and staff are made aware of the new procedures in place. Also, if there is significant turnover within the Department, the procedures would be documented to allow the department to continue to operate in an effective and efficient manner to ensure accurate and timely financial reporting.

Management Response

The County agrees with the recommendation and has started developing these policies and procedures.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Howard County, Maryland, in a separate letter dated January 26, 2011.

The County's response to the findings identified in our audit is described above. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, County Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Reznick Group, P.C.

Baltimore, Maryland
January 26, 2011



Dedicated during the Howard County Police Department's 50th anniversary celebration in 2002, the Fallen Heroes Memorial Garden is in honor of the Howard County law enforcement officers who have died in the line of duty while serving the citizens of Howard County.

Statistical Section

The Statistical Section provides detailed information for the primary government as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health. The tables in this section are unaudited because they often present data from outside accounting records.



Statistical Section (Unaudited)

Index

Financial Trends - These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity - These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity - These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.



Howard County, Maryland
Net Assets by Category
Last Nine Fiscal Years (a)
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	\$ 403,144,510	438,961,798	419,037,009	453,682,183	437,104,153	420,387,445	581,284,859	669,410,210	745,888,922
Restricted (b)	10,432,617	17,405,974	28,342,688	109,514,508	119,756,349	139,763,814	147,266,158	161,806,930	163,458,570
Unrestricted (c)	(76,875,129)	(103,050,451)	(95,289,397)	(161,602,748)	(105,399,387)	(110,356,141)	(288,540,789)	(442,781,138)	(531,998,220)
Subtotal governmental activities net assets	336,701,998	353,317,321	352,090,300	401,593,943	451,461,115	449,795,118	440,010,228 (d)	388,436,002	377,349,272
Business-type activities									
Invested in capital assets, net of related debt	303,777,509	311,410,291	326,966,323	325,302,549	340,388,015	306,098,965	328,013,443	338,277,158	392,097,776
Restricted (b)	84,835,551	87,490,610	82,466,384	99,171,080	99,161,799	142,022,020	139,098,839	151,228,040	120,266,910
Unrestricted	9,968,918	11,165,880	15,067,893	731,350	938,013	2,381,317	2,575,641	1,928,964	1,983,011
Subtotal business-type activities net assets	398,581,978	410,066,781	424,500,600	425,204,979	440,487,827	450,502,302	469,687,923	491,434,162	514,347,697
Primary government									
Invested in capital assets, net of related debt	706,922,019	750,372,089	746,003,332	778,984,732	777,492,168	726,486,410	909,298,302	1,007,687,368	1,137,986,698
Restricted (b)	95,268,168	104,896,584	110,809,072	208,685,588	218,918,148	281,785,834	286,364,997	313,034,970	283,725,480
Unrestricted	(66,906,211)	(91,884,571)	(80,221,504)	(160,871,398)	(104,461,374)	(107,974,824)	(285,965,148)	(440,852,174)	(530,015,209)
Total primary government net assets	\$ 735,283,976	763,384,102	776,590,900	826,798,922	891,948,942	900,297,420	909,698,151	879,870,164	891,696,969

(a) Due to the implementation of GASB Statement 34 in fiscal year 2002, information prior to that year is not available.

(b) Due to the implementation of GASB Statement 46 in fiscal year 2006, higher restricted net assets were reported than in previous years.

(c) Deficits occur in unrestricted net assets for governmental activities because the County issues debt to fund construction costs for the Public School

System and Community College, yet these component units own the capital assets. See the Management's Discussion and Analysis for further details.

(d) FY2008 net assets of governmental activities were restated in fiscal year 2009. See note 18 for further details.

Howard County, Maryland

Changes in Net Assets

Last Nine Fiscal Years (a)

(accrual basis of accounting)

Expenses	2002 (b)	2003 (b)	2004	2005	2006	2007	2008	2009	2010
Governmental activities:									
General government	\$ 33,861,811	21,203,520	40,705,773	38,174,921	43,401,671	43,441,064	46,844,606	49,015,557	40,551,179
Public safety	81,320,229	89,948,701	92,035,236	99,797,362	112,396,115	122,208,338	144,114,893	152,639,155	154,381,502
Public works (k)	75,855,425	70,485,129	87,315,039	85,450,609	94,663,945	103,782,948	95,262,350	115,081,550	101,682,165
Recreation and parks	17,334,111	18,255,567	20,268,442	24,309,652	25,296,028	28,304,306	28,335,338	28,490,509	26,909,791
Legislative and judicial	13,051,161	14,167,992	15,109,402	15,630,364	16,347,843	17,935,936	21,577,751	21,414,495	19,917,865
Community services	34,980,366	37,810,310	30,585,440	31,350,625	36,071,390	36,624,968	39,035,177	42,552,461	38,203,641
State highways (k)	3,339,416	4,962,451	5,229,593	1,972,412	302,754	2,244,049	378,464	646,354	2,450,937
Education	319,422,458	336,918,897	368,316,954	423,466,686	510,243,607	538,176,394	587,904,740	560,909,969	557,205,570
Interest on long term debt	23,989,117	24,611,613	23,507,751	25,949,006	27,669,889	31,436,334	35,419,506	33,065,408	32,759,477
Total governmental activities expenses	603,154,094	618,364,180	683,073,630	746,101,637	866,393,242	924,154,337	998,872,825 (j)	1,003,815,458	974,062,127
Business-type activities:									
Water and sewer	43,203,095	46,993,461	46,907,290	51,271,398	62,881,137	64,479,789	66,966,290	59,226,089	64,845,285
Golf course	2,030,798	1,943,021	1,922,354	1,884,139	1,921,122	1,896,158	1,910,116	1,734,769	1,791,000
Total business-type activities expenses	45,233,893	48,936,482	48,829,644	53,155,537	64,802,259	66,375,947	68,876,406	60,960,858	66,636,285
Total primary government expenses	648,387,987	667,300,662	731,903,274	799,257,174	931,195,501	990,530,284	1,067,749,231	1,064,776,316	1,040,698,412
Program revenues									
Governmental activities:									
Charges for services									
General government	17,700,457	9,460,935	19,303,477	22,336,590	19,210,703	19,202,259	21,908,851	22,623,190	29,198,040
Public works	20,999,584	26,165,606	28,766,381	35,564,427	41,819,146	40,699,663	42,589,702	39,248,132	42,937,855
Recreation and parks	7,775,099	10,106,790	8,366,050	9,496,397	11,147,873	11,467,477	12,213,842	13,050,979	12,621,042
Other	5,667,863	6,187,326	5,541,222	6,379,711	6,542,390	6,999,654	6,787,417	8,482,772	7,079,677
Operating grants and contributions	24,641,598	29,435,731	22,874,525	25,895,910	21,919,457	25,128,602	25,331,284	35,559,629	26,732,848
Capital grants and contributions	27,522,229	34,492,645	17,075,753	23,199,688	40,618,331	47,769,364	32,890,596	27,160,200	22,998,508
Total governmental activities program revenues	104,306,830	115,849,033	101,927,408	122,872,723	141,257,900	151,267,019	141,721,692	146,124,902	141,567,970
Business-type activities:									
Charges for services									
Water and sewer	26,211,959	27,506,628	28,678,494	35,112,827	35,751,512	40,708,994	43,270,127	43,184,222	44,355,147
Golf course	2,316,057	1,972,953	2,033,858	2,084,257	2,320,341	2,294,374	2,257,710	2,103,674	2,149,442
Operating grants and contributions	14,176,668	14,958,376	15,908,499	17,850,331	20,256,749	23,386,096	27,199,512	30,981,090	32,395,714
Capital grants and contributions	15,738,021	15,111,194	15,635,936	12,115,385	19,293,954	5,922,565	13,087,530	6,959,259	9,666,912
Total business-type activities program revenues	58,442,705	59,549,151	62,256,787	67,162,800	77,622,556	72,312,029	85,814,879	83,228,245	88,567,215
Total primary government program revenues	\$ 162,749,535	175,398,184	164,184,195	190,035,523	218,880,456	223,579,048	227,536,571	229,353,147	230,135,185

(continued)

Howard County, Maryland

Changes in Net Assets

Last Nine Fiscal Years (a)

(accrual basis of accounting)

	2002 (b)	2003 (b)	2004	2005	2006	2007	2008	2009	2010
Net (expenses)/revenue									
Governmental activities	\$ (498,847,264)	(502,515,147)	(581,146,222)	(623,228,914)	(725,135,342)	(772,887,318)	(857,151,133)	(857,690,556)	(832,494,157)
Business-type activities	13,208,812	10,612,669	13,427,143	14,007,263	12,820,297	5,936,082	16,938,473	22,267,387	21,930,930
Total primary government net expenses	<u>(485,638,452)</u>	<u>(491,902,478)</u>	<u>(567,719,079)</u>	<u>(609,221,651)</u>	<u>(712,315,045)</u>	<u>(766,951,236)</u>	<u>(840,212,660)</u>	<u>(835,423,169)</u>	<u>(810,563,227)</u>
General revenues and other changes in net assets									
Governmental activities:									
Taxes									
Property taxes	268,910,097	284,275,663	299,709,216	324,785,642	353,894,412	383,551,777	426,302,542	467,389,345	494,218,364
Local income taxes	183,965,323	162,722,900	206,952,771	261,205,355	317,108,241	287,499,387	323,836,591	271,595,421	266,953,624
Other local taxes	39,668,634	44,501,489	57,116,429	63,386,811	79,177,105	67,000,997	53,619,620	40,889,560	47,911,642
Intergovernmental, unrestricted	13,450,430	12,895,419	10,057,401	12,540,562	15,298,806	15,955,176	15,513,177	13,409,168	790,181
Unrestricted investment income	6,813,346	8,924,257	2,542,571	10,761,191	9,673,535	18,723,699	24,208,820	10,547,370	6,481,902
Miscellaneous	-	-	3,540,813	52,996	50,415	47,835	508,178	589,962	861,084
Transfers	-	-	-	-	(200,000)	(1,557,550)	703,755	1,695,504	(587,000)
Subtotal governmental activities	<u>512,807,830</u>	<u>513,319,728</u>	<u>579,919,201</u>	<u>672,732,557</u>	<u>775,002,514</u>	<u>771,221,321</u>	<u>844,692,683</u>	<u>806,116,330</u>	<u>816,629,797</u>
Business-type activities:									
Unrestricted investment income	1,398,408	832,408	575,824	1,278,838	2,262,551	2,520,843	2,950,903	1,174,356	395,605
Transfers	-	-	-	-	200,000	1,557,550	(703,755)	(1,695,504)	587,000
Subtotal business-type activities	<u>1,398,408</u>	<u>832,408</u>	<u>575,824</u>	<u>1,278,838</u>	<u>2,462,551</u>	<u>4,078,393</u>	<u>2,247,148</u>	<u>(521,148)</u>	<u>982,605</u>
Total primary government	<u>514,206,238</u>	<u>514,152,136</u>	<u>580,495,025</u>	<u>674,011,395</u>	<u>777,465,065</u>	<u>775,299,714</u>	<u>846,939,831</u>	<u>805,595,182</u>	<u>817,612,402</u>
Net assets balances									
Governmental activities:									
Change in net assets, governmental activities	13,960,566	10,804,581	(1,227,021) (c)	49,503,643 (d)	49,867,172	(1,665,997) (e)	(12,458,450)	(51,574,226) (f)	(15,864,360)
Net assets, beginning-governmental activities	322,741,432	336,701,998	353,317,321	352,090,300	401,593,943	451,461,115	449,795,118	440,010,228	388,436,002
Restatement	-	5,810,742 (g)	-	-	-	-	2,673,560	-	4,777,630
Net assets, ending-governmental activities	<u>336,701,998</u>	<u>353,317,321</u>	<u>352,090,300</u>	<u>401,593,943</u>	<u>451,461,115</u>	<u>449,795,118</u>	<u>440,010,228</u>	<u>388,436,002</u>	<u>377,349,272</u>
Business-type activities:									
Change in net assets, business-type activities	14,607,220	11,445,077	14,002,967	15,286,101	15,282,848	10,014,475	19,185,621	21,746,239	22,913,535
Net Assets, beginning-business-type activities	383,974,758	398,581,978	410,066,781	424,500,600	425,675,557	440,487,827	450,502,302	469,687,923	491,434,162
Restatement	-	39,726 (h)	430,852 (h)	(14,111,144) (i)	(470,578) (h)	- (h)	-	-	-
Net assets, ending-business-type activities	<u>398,581,978</u>	<u>410,066,781</u>	<u>424,500,600</u>	<u>425,675,557</u>	<u>440,487,827</u>	<u>450,502,302</u>	<u>469,687,923</u>	<u>491,434,162</u>	<u>514,347,697</u>
Total primary government	<u>\$ 735,283,976</u>	<u>763,384,102</u>	<u>776,590,900</u>	<u>827,269,500</u>	<u>891,948,942</u>	<u>900,297,420</u>	<u>909,698,151</u>	<u>879,870,164</u>	<u>891,696,969</u>

(a) Due to the implementation of GASB Statement 34 in fiscal year 2002, information prior to that year is not available.

(b) Reclassifications of data for fiscal years 2002 and 2003 were made to allow for consistency and comparison amongst all years.

(c) The decrease from prior period is due to a decrease in operating and capital grants and contributions, and an increase in the cost of capital improvements.

(d) The increase from prior period is due to increases in property and local income taxes.

(e) The decrease from prior period results from a decrease in local income taxes due to a change in the timing of remittance from the State.

(f) The decrease from prior period is the result of decreases in local taxes and interest income due to the downturn of the national economy.

(g) Net assets of governmental activities were restated in fiscal year 2003 to correct the method of calculating grant accruals and deferrals.

(h) Net assets of business-type activities were restated in fiscal years 2003, 2004, and 2006 to eliminate internal balances created in prior years to allocate profit and loss in internal service funds since internal service funds operate under the premise of breaking even.

(i) In fiscal year 2005, net assets of business-type activities were restated to eliminate a water treatment plant owned by another entity.

(j) In fiscal year 2009, the fiscal year 2008 net assets of governmental activities were restated due to failure to capitalize all eligible expenditures as work in progress.

Expenses of governmental activities for fiscal year 2008 were restated, accordingly, for comparative analysis across fiscal years.

(k) State highways expenses were misclassified as public works in fiscal years 2006, 2007, and 2008, but have been restated for comparative analysis.

(l) In fiscal year 2010, funding from the State government for highway improvements was drastically reduced.

Howard County, Maryland
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Encumbrances	\$ 4,349,163	2,975,162	1,776,527	2,985,741	4,814,517	5,036,891	6,054,237	9,910,050	9,236,748	6,766,440
Budget stabilization account	26,533,747	28,491,375	28,491,375	34,696,561	35,806,942	38,423,367	41,782,615	45,095,430	48,703,989	54,681,366
Reserved	30,882,910	31,466,537	30,267,902	37,682,302	40,621,459	43,460,258	47,836,852	55,005,480	57,940,737	61,447,806
Unreserved (a)	22,630,080	3,922,264	307,472	2,068,326	31,589,257	65,693,657	67,301,953	47,921,532	23,858,483	10,324,543
Total general fund	<u>53,512,990</u>	<u>35,388,801</u>	<u>30,575,374</u>	<u>39,750,628</u>	<u>72,210,716</u>	<u>109,153,915</u>	<u>115,138,805</u>	<u>102,927,012</u>	<u>81,799,220</u>	<u>71,772,349</u>
All other governmental funds										
Encumbrances	59,945,020	39,834,211	53,672,910	37,310,062	48,353,210	48,868,523	68,216,836	64,305,449	62,618,173	81,026,527
Noncurrent receivables	7,496,596	7,350,615	7,084,400	6,408,294	5,561,795	5,141,356	7,384,145	6,272,324	11,744,068	13,578,971
Reserved	67,441,616	47,184,826	60,757,310	43,718,356	53,915,005	54,009,879	75,600,981	70,577,773	74,362,241	94,605,498
Unreserved reported in:										
Special revenue	28,169,411	29,787,648	43,101,105	45,244,894	57,450,736	61,095,650	75,624,786	83,717,538	88,000,417	102,795,989
Capital projects funds	(10,750,026)	(81,519)	(2,668,794)	3,152,735	(18,332,249)	(49,450,360)	(73,359,763)	(52,594,957)	(48,107,393)	(54,747,305)
Total all other governmental funds	<u>\$ 84,861,001</u>	<u>76,890,955</u>	<u>101,189,621</u>	<u>92,115,985</u>	<u>93,033,492</u>	<u>65,655,169</u>	<u>77,866,004</u>	<u>101,700,354</u>	<u>114,255,265</u>	<u>142,654,182</u>

Notes:

- (a) Decreases in the general fund - unreserved fund balance from fiscal years 2001 to 2003 and 2007 to 2010 were the result of downturns in the national economy.

Howard County, Maryland

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Property taxes (a)	\$ 248,883,572	268,742,269	283,725,179	299,527,817	324,280,297	353,195,328	384,236,664	426,188,822	466,921,737	494,641,029
Other local taxes	207,774,114	217,361,907	211,127,568	261,533,292 (b)	315,911,598	362,241,884	360,307,897	370,344,167	358,102,738 (c)	341,954,181 (c)
State shared taxes	12,651,650	13,450,430	12,895,419	10,057,401	12,540,562	15,298,806	15,955,176	15,513,177	13,409,168	790,181 (d)
Revenues from other governments	17,602,587	33,247,564	30,289,929	26,332,973	31,843,597	27,984,230	43,832,673	39,792,804	46,184,349	30,866,154
Charges for services	27,145,190	28,940,190	31,116,332	33,858,811	38,681,860	39,274,492	39,894,526	42,488,507	45,518,420	47,153,092
Interest on investments	8,293,893	6,599,501	8,812,900	1,132,131	10,614,636	9,193,162	17,655,119	22,647,797	10,347,213	6,435,344
Licenses and permits	4,936,431	5,777,844	6,180,086	7,755,483	7,808,408	7,790,049	7,047,647	6,311,980	4,923,057	5,839,006
Fines and forfeitures	2,607,939	2,068,404	2,232,012	2,171,579	2,466,331	2,667,805	3,154,241	3,607,775	3,602,384	2,983,119
Developer fees (e)	1,304,590	1,104,093	1,895,940	1,376,924	2,270,854	2,009,027	1,811,520	2,345,464	1,229,577	1,665,829
Rental of property (e)	900,076	534,563	794,335	793,983	757,290	1,026,367	991,458	510,315	716,648	206,754
Recoveries for interfund services	5,048,557	6,162,816	7,452,902	5,845,634	5,424,689	5,391,777	5,418,929	5,932,335	6,009,417	11,457,728
Payments from component units (e)	394,998	1,560,737	58,157	3,540,813	52,996	50,415	47,835	508,178	589,962	861,084
Miscellaneous program revenues	8,637,627	725,673	1,778,149	2,349,629	7,928,572	10,504,384	8,651,601	9,094,850	8,189,651	8,645,463
Total revenues	546,181,224	586,275,991	598,358,908	656,276,470	760,581,690	836,627,726	889,005,286	945,286,171	965,744,321	953,498,964
Expenditures										
Current:										
General government	24,036,129	24,702,501	17,852,659	18,900,479	19,961,665	20,502,167	23,089,141	23,311,692	23,163,146	21,822,449
Legislative & judicial	12,250,523	12,896,104	13,925,101	14,996,418	15,806,162	16,661,584	18,554,621	20,943,849	21,184,129	19,370,470
Public works	53,293,552	59,282,360	62,116,869	69,115,109	70,906,152	71,953,116	78,994,209	85,529,891	92,855,401	87,553,902
Public safety	68,642,781	78,203,077	85,820,025	92,021,978	100,863,167	114,695,165	128,272,671	141,928,781	147,359,582	148,773,884
Recreation and parks	15,305,099	16,378,165	16,020,154	18,637,382	19,752,579	22,608,386	23,986,622	25,309,800	25,616,451	24,363,103
Community services	21,636,191	24,331,466	27,393,690	30,332,789	30,568,627	35,784,748	33,668,684	40,935,310	43,321,961	37,096,762
Education	269,949,628	302,724,401	316,134,117	335,840,342	361,586,585	506,364,891 (f)	536,256,495	546,950,012	558,271,124	542,819,926
Capital improvements	68,688,141	75,222,890	59,817,928	73,921,934	102,339,370	63,124,243 (f)	62,188,653	85,200,083	62,788,785	79,441,474
Debt service:										
Principal	29,323,488	33,408,001	31,560,998	33,121,999	40,310,999	40,822,000	41,716,000	45,182,000	48,850,000	50,192,000
Interest	24,066,080	23,505,461	23,064,888	20,025,083	24,695,244	26,310,766	30,330,362	33,696,141	34,907,537	33,465,400
Total expenditures	587,191,612	650,654,426	653,706,429	706,913,513	786,790,550	918,827,066	977,057,458	1,048,987,559	1,058,318,116	1,044,899,370
Revenues over (under) expenditures	(41,010,388)	(64,378,435)	(55,347,521)	(50,637,043)	(26,208,860)	(82,199,340)	(88,052,172)	(103,701,388)	(92,573,795)	(91,400,406)
Other Financing Sources (Uses)										
Bond premium/(discount)	310,436	5,060,234	7,593,411	9,236,278	(560,100)	108,843	6,736,869	10,319,070	4,104,393	18,974,053
Capital related debt issued	34,520,000	35,000,000	54,895,000	48,290,000	60,000,000	91,375,000	100,000,000	107,500,000	69,720,000	101,010,000
Refunding bonds issued	-	77,165,000	39,875,000	85,015,000	-	-	-	87,420,000	-	85,860,000
Capital lease proceeds	-	-	-	-	-	-	-	-	-	4,909,012
Capital lease	-	-	-	-	-	-	-	-	-	(4,909,012)
Payment to bond refunding escrow agent	-	(81,376,073)	(42,042,048)	(91,855,055)	-	-	-	(92,179,903)	-	(99,078,896)
Transfers in	53,161,480	34,953,192	37,884,250	36,263,480	34,039,823	61,971,415	68,119,015	89,413,236	94,990,994	35,705,614
Transfers out	(52,606,313)	(34,726,020)	(32,784,567)	(36,211,042)	(33,893,268)	(61,691,042)	(68,607,987)	(87,148,458)	(87,295,333)	(36,246,056)
Retirement of bond anticipation notes (g)	(30,000,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	5,385,603	36,076,333	65,421,046	50,738,661	59,586,455	91,764,216	106,247,897	115,323,945	81,520,054	106,224,715
Proceeds from sale of property	-	2,565,093	3,600,972	-	-	-	-	-	-	-
Net change in fund balances	\$ (35,624,785)	(25,737,009)	13,674,497	101,618	33,377,595	9,564,876	18,195,725	11,622,557	(11,053,741)	14,824,309
Debt service as a percentage of noncapital expenditures	10.30%	9.89%	9.20%	8.40%	9.50%	7.85%	7.88%	8.18%	8.41%	8.67%

(a) Increase in real property taxes is due to steady increases in property values in the County. See the Management's Discussion & Analysis for further details.

(b) Increase in other local taxes is due to a rate increase in the local income tax from 2.45 to 3.2 percent.

(c) Other local taxes decreased due to declines in the quantity and value of real estate transactions.

(d) Decrease in State shared taxes is due to drastic decline in State highways funding.

(e) Reclassifications of prior years' data were made to allow for consistency purposes and comparison amongst all years.

(f) Expenditures on capital projects for the Public School System and Community College were reclassified to the Education function in fiscal year 2006 from the Capital Improvements line in previous years.

(g) Prior to fiscal year 2002, the bond anticipation notes were reported in the long term debt account group and the retirement of such notes was considered other financing uses. Starting in fiscal year 2002, the bond anticipation notes were recorded on the balance sheet as short term debt. As such, the retirement of such notes has resulted in a reduction of a fund liability.

Howard County, Maryland
Assessed and Estimated Accrual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property				Personal Property		Total
	Residential Assessed Value	Commercial Assessed Value	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value
2001	15,278,352,973	3,715,239,000	18,993,591,973	1.044	1,216,880,705	2.610	20,210,472,678
2002	16,001,276,251	4,092,988,000	20,094,264,251	1.044	1,334,993,869	2.610	21,429,258,120
2003	17,059,315,828	4,342,237,000	21,401,552,828	1.044	1,332,670,460	2.610	22,734,223,288
2004	18,600,029,068	4,580,465,000	23,180,494,068	1.044	1,313,970,320	2.610	24,494,464,388
2005	19,875,069,165	6,069,882,095	25,944,951,260	1.044	1,331,028,850	2.610	27,275,980,110
2006	23,275,630,570	6,577,363,510	29,852,994,080	1.014	1,391,713,320	2.535	31,244,707,400
2007	28,754,085,178	6,172,812,902	34,926,898,080	1.014	1,468,267,950	2.535	36,395,166,030
2008	34,222,495,933	6,539,516,569	40,762,012,502	1.014	1,496,189,730	2.535	42,258,202,232
2009	39,129,032,552	7,012,754,331	46,141,786,883	1.014	1,497,439,490	2.535	47,639,226,373
2010	41,289,749,176	7,374,511,107	48,664,260,283	1.014	1,588,889,810	2.535	50,253,150,093

- (a) Real property and personal property assessments are done every three years and every year, respectively, by the State Department of Assessments and Taxation at 100% of estimated fair value. Tax-exempt property is not included in the assessed value.
- (b) Rates are per \$100 of assessed value.

Howard County, Maryland
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Per \$100 of Assessed Value)

Fiscal Year	Howard County Direct Rates	
	Real Property	Personal Property
2001	1.044	2.610
2002	1.044	2.610
2003	1.044	2.610
2004	1.044	2.610
2005	1.044	2.610
2006	1.014	2.535
2007	1.014	2.535
2008	1.014	2.535
2009	1.014	2.535
2010	1.014	2.535

Note:

Except for the State of Maryland, there is no separate taxing authority that overlaps the County geographically.

**Howard County, Maryland
Principal Property Taxpayers
Current Year and Nine Years Ago**

2010			2001		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric Company	\$ 319,284,746	0.64%	Baltimore Gas & Electric Company	\$ 231,804,870	2.63%
Mall in Columbia Business Trust	179,702,000	0.36%	Bell Atlantic	122,868,020	1.39%
Verizon - Maryland INC	167,551,260	0.33%	U.S. Sprint Communications	74,684,650	0.85%
Magazine Howard Crossing LLC	120,280,100	0.24%	HRD Holdings Corporation	56,010,330	0.64%
Sprint Communications Company, LP	99,760,250	0.20%	Columbia Mall	29,244,570	0.33%
Seasons of Laurel LLC	78,184,964	0.16%	Washington D.C. SMSA	25,350,220	0.29%
Liberty Property LTD Partnership	76,856,466	0.15%	Town & Country West Greenview Company	20,287,160	0.23%
Sherwood Crossing Apartments LLC	69,779,400	0.14%	Maryland Associates LTD	17,967,030	0.20%
API Columbia Town Center LLC	67,101,400	0.13%	Maryland Food Center Authority	17,515,570	0.20%
New Cingular Wireless PCS, LLC	34,354,830	0.07%	Howard Research and Development	17,515,500	0.20%
Total	\$ 1,212,855,416	2.42%	Total	\$ 613,247,920 (a)	6.96%

(a) Prior to 2002, the State assessed all real property at 40% of its fair value. The taxable assessed valuation for 2000 includes both personal and real property for each taxpayer. However, the breakdown of real and personal property for these principal taxpayers was not available and therefore could not be presented as 100% in order to be more comparable to the 2009 valuation.

Source: Howard County Department of Finance, Bureau of Revenue

**Howard County, Maryland
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	250,619,586	249,341,918	99.5%	1,203,845	250,545,763	100.0%
2002	272,888,397	270,842,836	99.3%	1,881,135	272,723,971	99.9%
2003	286,459,075	284,784,071	99.4%	1,445,074	286,229,145	99.9%
2004	306,220,976	305,055,699	99.6%	1,083,247	306,138,946	100.0%
2005	338,595,522	336,809,362	99.5%	1,687,141	338,496,503	100.0%
2006	384,872,472	382,410,597	99.4%	2,035,963	384,446,560	99.9%
2007	435,502,514	433,853,289	99.6%	1,223,521	435,076,810	99.9%
2008	507,119,578	505,465,702	99.7%	1,154,988	506,620,690	99.9%
2009	569,987,425	568,246,317	99.7%	682,036	568,928,353	99.8%
2010	601,068,331	599,327,223	99.7%	-	599,327,223	99.7%

Howard County, Maryland
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands of dollars, except per capita amount)

	Governmental Activities					Business-Type Activities					
	General Obligation Bonds	State Water Quality Revolving Loans	Installment Purchase Agreements (a)	MD State Retirement System Liability	Local Govt. Insurance Trust Obligations	Total Governmental Activities	Metropolitan District Bonds	Special Facility Revenue Bonds	State Water Quality Revolving Loans	Total Business-Type Activities	
Fiscal Year											
2001	408,772	14,090	51,064	2,237	1,222	477,385	100,393	9,785	20,341	130,519	607,904
2002	410,869	13,975	53,307	1,948	1,104	481,203	98,057	9,510	40,733	148,300	629,503
2003	436,514	13,855	53,171	1,638	-	505,178	97,047	9,880	50,219	157,146	662,324
2004	454,881	13,735	52,944	1,305	-	522,865	91,839	9,880	57,118	158,837	681,702
2005	477,853	11,790	52,808	762	-	543,213	89,515	9,405	58,833	157,753	700,966
2006	529,618	11,705	52,581	-	-	593,904	86,467	8,915	56,278	151,660	745,564
2007	588,785	11,555	52,445	-	-	652,785	91,266	8,420	52,831	152,517	805,302
2008	648,875	9,760	60,582	-	-	719,217	89,797	7,915	49,220	146,932	866,149
2009	671,881	7,980	61,240	-	-	741,101	110,889	7,395	46,576	164,860	905,961
2010	723,305	5,795	60,998	-	-	790,098	110,810	6,870	43,220	160,900	950,998

(a) Installment Purchase Agreements comprises Agricultural Land Preservation program agreements.

(b) See the Demographic and Economic Statistics schedule for personal income and population data.

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Howard County, Maryland
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands of dollars, except per capita amount)

Fiscal Year	Estimated Population	General Obligation Debt (a)	Percentage of Estimated Actual Taxable Value of Property (b)	General Obligation Debt per Capita (c)
2001	255,698	426,321	2.1%	1,667
2002	261,134	427,896	2.0%	1,639
2003	265,095	452,007	2.0%	1,705
2004	268,561	469,921	1.9%	1,750
2005	272,584	490,405	1.8%	1,799
2006	276,287	541,323	1.7%	1,959
2007	278,900	600,340	1.6%	2,153
2008	282,674	658,635	1.6%	2,330
2009	284,952	679,861	1.4%	2,386
2010	287,907	723,305	1.4%	2,512

(a) General obligation debt is a total of governmental activities debt less Agricultural Land Preservation Program installment purchase agreements.

(b) See the Assessed Value and Estimated Actual Value of Taxable Property schedule for property value data.

(c) See the Demographic and Economic Statistics schedule for population data.

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

**Howard County, Maryland
Legal Debt Margin
Last Ten Fiscal Years
(thousands of dollars)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assessed value							(a)	(a)	(a)	(a)
Real property	18,993,592	20,094,264	21,401,553	23,180,494	25,944,951	29,852,994	34,926,898	40,762,012	46,141,787	48,664,260
Personal property	1,216,881	1,334,994	1,332,670	1,313,970	1,331,029	1,391,713	1,468,268	1,496,190	1,497,439	1,588,890
Total assessed value	20,210,473	21,429,258	22,734,223	24,494,464	27,275,980	31,244,707	36,395,166	42,258,202	47,639,226	50,253,150
Legal debt margin										
Debt limit (12% of 40% of assessed value of real property)	911,692	964,525	1,027,275	1,112,664	1,245,358	1,432,944	n/a	n/a	n/a	n/a
Debt limit (12% of 100% of assessed value of personal property)	146,026	160,199	159,920	157,676	159,723	167,006	n/a	n/a	n/a	n/a
Debt limit (4.8% of assessed value of real property and personal property)			n/a	n/a	n/a	n/a	1,746,968	2,028,394	2,286,683	2,412,151
Total debt limit	1,057,718	1,124,724	1,187,195	1,270,340	1,405,081	1,599,950	1,746,968	2,028,394	2,286,683	2,412,151
Debt applicable to limit										
General county	408,772	410,870	436,514	454,881	477,853	529,619	588,785	648,875	671,881	723,305
Local Government Insurance Trust	1,222	1,104	-	-	-	-	-	-	-	-
State promissory note	-	-	-	-	-	-	-	-	-	-
State Water Quality Revolving Loan	14,090	13,975	13,855	13,735	11,790	11,705	11,555	9,760	7,980	5,795
Maryland State Retirement System Liability	2,237	1,948	1,638	1,305	762	-	-	-	-	-
Total debt applicable to limit	426,321	427,897	452,007	469,921	490,405	541,324	600,340	658,635	679,861	729,100
Legal debt margin	631,397	696,827	735,188	800,419	914,676	1,058,626	1,146,628	1,369,759	1,606,822	1,683,051
Total debt applicable to the limit as a percentage of debt limit	40.31%	38.04%	38.07%	36.99%	34.90%	33.83%	34.36%	32.47%	29.73%	30.23%

(a) The County Charter amended the borrowing limits effective Dec 7, 2006, to 4.8% of the assessable base of the County.

**Howard County, Maryland
Pledged Revenue Coverage
Special Recreation Facility (Golf Course)
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2001	2,185,895	1,388,354	797,541	260,000	589,278	0.94
2002	2,369,556	1,412,473	957,083	275,000	575,888	1.12
2003	1,998,554	1,363,747	634,807	290,000	561,588	0.75
2004	2,050,330	1,498,772	551,558	- (a)	203,075	2.72
2005	2,100,092	1,492,518	607,574	475,000	283,073	0.80
2006	2,331,256	1,531,074	800,182	490,000	273,423	1.05
2007	2,308,060	1,516,767	791,293	495,000	263,573	1.04
2008	2,282,219	1,533,517	748,702	505,000	253,573	0.99
2009	2,120,794	1,400,663	720,131	520,000	243,322	0.94
2010	2,174,432	1,460,408	714,024	525,000	232,347	0.94

Note: Operating expenses do not include depreciation or interest paid as part of debt service.

(a) No principal payment was made in Fiscal Year 2004 due to the refunding of the Special Recreation

**Howard County, Maryland
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Estimated Population (a)	Personal (thousands of dollars) Income (b)	Per Capita Personal Income (b)	Public School Enrollment (c)	Unemployment Rate (d)
2001	255,698	11,770,951	46,132	44,525	2.6%
2002	261,134	12,197,559	47,026	45,722	3.3%
2003	265,095	12,667,113	48,190	46,650	3.0%
2004	268,561	13,834,014	52,128	47,211	2.7%
2005	272,584	14,740,092	55,044	47,552	3.2%
2006	276,287	15,825,132	58,451	48,596	3.1%
2007	278,900	16,776,830	61,221	48,222	2.7%
2008	282,674	17,212,636	62,098	48,595	3.2%
2009	284,952	N/A	N/A	48,888	5.7%
2010	287,907	N/A	N/A	49,683	5.5%

Sources:

- (a) **Howard County Department of Planning and Zoning - Estimated population is presented as of July 1st.**
- (b) **Personal Income and Per Capita Personal Income restated for all years per Bureau of Economic Analysis, U.S. Dept. of Commerce.**
- (c) **Howard County Public School System - School enrollment is based on head count taken September 30th of each year.**
- (d) **State of Maryland, Dept. of Labor, Licensing and Regulation Unemployment rate is as of June 30th.**

**Howard County, Maryland
Principal Employers
Current Year and Nine Years Ago**

Employer	2010			2001		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	7,427	1	5.02%	5,765	1	4.62%
Johns Hopkins Applied Physics Laboratory	4,400	2	2.98%	2,700	2	2.16%
Howard County Government	2,857	3	1.93%	2,353	3	1.88%
Verizon Wireless	2,028	4	1.37%	--		--
Lorien Health Systems	2,000	5	1.35%	--		--
Giant Food, Inc.	1,950	6	1.32%	1,200	4	0.96%
Howard County General Hospital	1,720	7	1.16%	1,200	4	0.96%
U. S. Government	1,600	8	1.08%	--		--
Northrop Grumman	1,200	9	0.81%	--		--
SAIC	1,060	10	0.72%	--		--
Amerix Corporation	--		--	1,200	4	0.96%
Smelkinson S Y S C O Food Services, Inc.	--		--	945	7	0.76%
The Rouse Company	--		--	850	8	0.68%
Magellan Behavioral Health	--		--	850	8	0.68%
Care First	--		--	720	10	0.58%
Total	26,242		17.74%	17,783		14.24%

Sources:

Howard County Department of Economic Development

**Howard County, Maryland
County Government Employees by Function
Last Ten Fiscal Years**

Function/program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	362	360	270 (a)	271	269	276	283	291	288	287
Public safety										
Police	445	462	522 (a)	526	531	538	550	595	623	624
Fire	296	301	301	301	357	329	361	404	405	417
Corrections	123	123	123	123	139	141	141	144	144	144
Public works	523	525	524	528	529	539	556	577	579	579
Recreation and parks	202	218	218	225	232	238	246	251	246	246
Legislative and judicial	173	178	175	175	179	183	188	197	204	202
Community services	229	259	290	293	329	330	366	384	380	358
Total	2,353	2,426	2,423	2,442	2,565	2,574	2,691	2,843	2,869	2,857

Source: Howard County Budget Office

(a) In 2003, 60 employees in the 911 Center were transferred to Police.

Howard County, Maryland

Operating Indicators by Function/Program

Last Ten Fiscal Years

	Date of incorporation Form of government Date present charter adopted Area in square miles				1851 Executive/Council 1968 251					
Function/program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Finance:										
Real property tax accounts billed	88,070	88,900	89,931	90,707	91,172	94,937	92,592	93,712	94,813	95,846
Business personal property tax accounts billed	9,818	9,615	9,910	9,920	10,255	7,960	9,906	11,854	9,613	9,833
Public Safety										
Police:										
Physical arrests	7,953	8,606	8,073	8,081	7,703	9,748	9,160	9,686	9,987	10,383
Parking violations	7,159	8,108	7,797	8,033	8,539	8,639	8,484	8,933	10,556	6,919
Traffic violations	N/A	29,340	23,499	25,990	30,115	52,850	62,730	65,217	80,724	80,735
Fire:										
Emergency responses	54,443	52,588	55,296	57,152	59,679	57,507	63,396	63,598	64,425	65,362
Inspections	N/A	N/A	371	411	586	549	471	570	610	1,425
Corrections:										
Average yearly prison population	231	273	276	264	241	247	297	278	284	287
Public Works										
Inspections, licenses and permits:										
Construction permits issued (a)	6,612	6,665	6,404	6,900	6,553	6,941	6,112	5,835	4,370	5,047
Environmental services:										
Refuse collected (tons per year)	109,383	107,999	108,200	116,218	116,647	124,913	125,494	120,838	107,756	102,492
Recyclables collected (tons per year)	40,194	38,847	40,420	56,478	50,373	55,691	60,317	54,293	60,860	61,993
Recreation and parks										
Programs operated	4,433	4,530	4,820	4,759	4,772	4,162	4,186	4,200	4,226	4,328
Registrations processed	84,568	83,775	94,321	96,657	101,052	94,361	105,665	106,014	101,503	113,354
Legislative and judicial										
Circuit court cases filed	2,110	1,089	1,223	1,053	1,205	1,277	1,182	996	999	957
District court cases filed	8,406	12,029	19,979	14,204	14,091	10,124	12,373	13,815	12,295	13,193
Community services										
Senior centers operated	7	8	8	8	9	9	9	9	9	9
Consumer affairs - cases closed	248	289	237	253	189	194	210	191	223	225
Community service partnership grants	32	33	30	29	29	32	31	32	36	36
Assisted living monitoring visits	N/A	N/A	N/A	N/A	292	280	205	163	217	172
Water and sewer										
Water main breaks	106	126	119	140	143	123	137	82	137	185
Average daily water consumption (thousands of gallons)	22,160	22,130	20,860	21,370	22,100	22,500	23,000	22,400	22,000	23,910
Number of water customers	63,111	62,900	63,978	64,189	65,567	66,434	67,868	69,170	69,833	70,646
Average daily sewage treatment (thousands of gallons)	22,600	18,610	27,600	26,450	25,052	18,800	25,600	24,400	26,800	26,530
Number of sewer customers	60,080	59,630	60,652	60,853	62,159	63,022	64,240	65,494	66,096	66,862
Golf course										
Rounds played	45,572	50,259	40,673	40,210	41,360	44,856	41,395	40,455	36,450	35,525

Sources: Various Howard County Departments

Note: Indicators are not available for the State highways or education functions.

(a) Construction permits issued prior to 2005 were provided on a calendar year basis.

Howard County, Maryland Capital Assets Statistics by Function Last Ten Fiscal Years

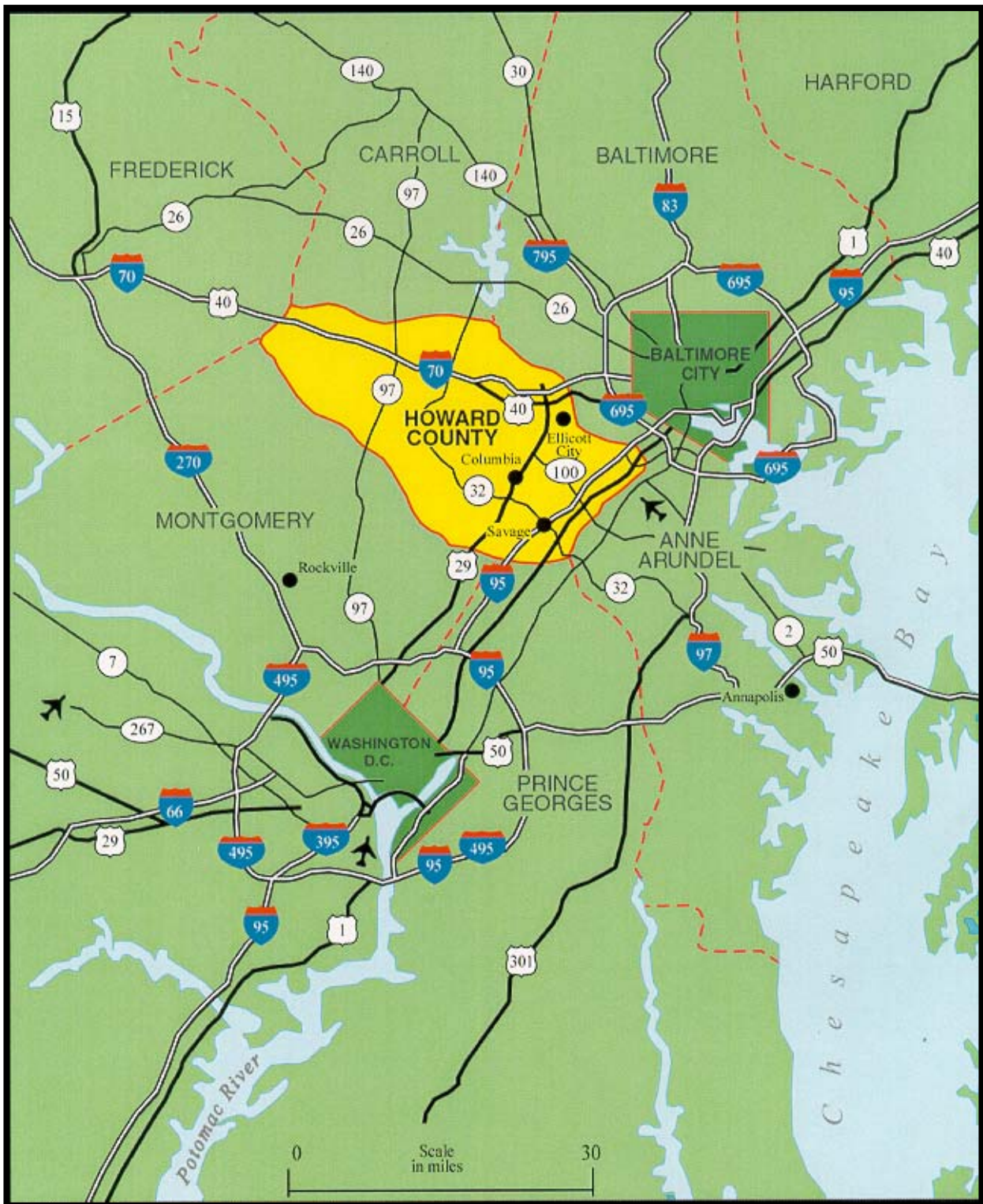
Function/program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Buildings	10	10	10	10	10	11	11	12	17	19
Vehicles	N/A	N/A	N/A	N/A	N/A	42	44	49	60	65
Legislative and judicial										
Vehicles	N/A	N/A	N/A	N/A	N/A	45	53	58	61	67
Public safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units (vehicles)	199	199	199	194	200	200	207	225	244	265
Other vehicles	N/A	N/A	N/A	N/A	N/A	196	209	231	250	237
Fire:										
Stations	4	4	4	5	5	5	5	6	6	8
Pumpers/tankers	23	23	23	23	23	29	31	34	32	28
Ladder trucks	4	4	4	4	4	6	6	7	7	5
Paramedic units	21	21	21	21	21	21	24	27	28	30
Vehicles	N/A	N/A	N/A	N/A	N/A	90	106	118	101	128
Public Works										
Buildings	40	41	43	45	46	46	46	46	49	49
Transit buses	24	35	43	45	47	47	52	53	56	67
Vehicles	N/A	N/A	N/A	N/A	N/A	214	234	278	279	385
Streets (miles)	943	955	962	966	970	975	980	988	995	1,014
Streetlights	5,500	5,600	6,000	6,180	6,631	8,217	8,448	7,500	7,700	6,944
Stormwater management facilities	570	620	650	664	700	719	745	745	770	850
Recreation and parks										
Buildings	40	40	40	40	41	44	44	44	44	45
Parks and open space acreage	6,944	7,026	7,512	8,039	8,169	8,339	8,439	8,678	8,737	8,846
Playgrounds	29	30	31	31	31	37	40	41	42	42
Vehicles	N/A	N/A	N/A	N/A	N/A	64	70	69	63	76
Water and sewer										
Wastewater treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	905	907	882	888	905	927	943	960	992	1,005
Sanitary sewers (miles)	846	848	862	869	880	892	898	906	955	962
Golf course										
	1	1	1	1	1	1	1	1	1	1

Sources: Various Howard County Departments

(a) Recreation and parks Parks and Open Space acreage and Playgrounds restated for all years per Howard County Department of Recreation and Parks

Note: Indicators are not available for State highways and education functions.

Howard County Regional Location





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